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MOBILIZATION: AN INSTRUMENT OF
UNITED STATES STRATEGIC POLICY

by

William Allen Hancock

March 1984

Thesis Advisor: F. Teti

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Mobilization: An Instrument of United States Strategic Policy

by

William Allen Hancock
Lieutenant Commander, United States Navy
B.S., United States Naval Academy, 1972

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

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ABSTRACT

Mobilization represents an instrument of significant importance in U.S. strategic policy. Inherent in the mobilization process and a viable, secure mobilization base is the capacity for maximizing potential national strength to achieve essential national security goals. The relative decline of U.S. international influence, the current condition of superpower nuclear parity and U.S. conventional inferiority to the Soviet Union, and the increasing potential for the occurrence of protracted warfare at various levels of conflict have increased the importance of maintaining a credible mobilization capability. The current U.S. deterrent posture and warfighting capability and the viability of its mobilization base are weakened, however, by U.S. vulnerability to disruptions of supplies of strategic and critical minerals from foreign sources, the degraded condition of the American defense industrial base, and the lack of both an effective, centralized national mobilization authority and a comprehensive, integrated mobilization plan.

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I. INTRODUCTION

The review of American defense policy may be conveniently divided into two distinct phases. The first, lasting from the period of the Revolutionary War until 1945, was dominated by a mobilization strategy. During this phase, the British Navy's control of the high seas and the geographical separation of the United States from the world powers of the day provided the basis for American national security. These factors reduced the fear of invasion by foreign powers, allowing the United States to maintain only a small standing army, and constituted a buffer, providing ample time for the expansion of the nation's armed forces when war was imminent. The introduction of more modern technical and mechanical instruments of war (e.g., weapons, munitions, transportation, and communications of more advanced types) during the later stages of this first phase --from the late 1800s through World War II--tended to reduce the advantages of geographical separation and increase the importance of maintaining sufficient industrial capability in-being to support a more rapid response in times of national emergency.[1]

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[1]Ken Booth, "The Evolution of Strategic Thinking," in Contemporary Strategy: Theories and Policies, John Baylis et al. (New York: Holmes & Meier Publishers, 1975), pp. 23-33.

The second phase of American defense policy, occurring from roughly 1946 to the present, has been characterized by a strategy of deterrence. With the introduction of weapons of mass destruction, sophisticated intelligence systems, and the means for rapid communications and transportation, emphasis has shifted from the maintenance of capabilities for the expansion of military strength in times of national emergency to the maintenance of substantial strategic and conventional forces-in-being. Central to this alteration in national security posture has been the belief that modern war may occur without warning, that it will be fought with nuclear weapons, and that the use of such weapons will result in wars of short duration and high destructive potential. Within the context of this environment, the goal of deterrence strategy has been the prevention of war. Should war occur, however, the advantages of geographic location would be nullified, and insufficient time would be available for the mobilization of national resources, resulting in the requirement to wage the war with existing means.[2]

Recent scholars have suggested, however, the possible emergence, in the present, of an additional third phase in American defense policy, wherein mobilization has reassumed a role of importance. They contend that the escalation of

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[2]David W. Tarr, "American Strategic Thought," in National Security Affairs: Theoretical Perspectives and Contemporary Issues, eds. B. Thomas Trout and James E. Harf (New Brunswick, NJ: Transaction Books, 1982), pp. 82-93.

conflict to the nuclear level is contraindicated by the occurrence of numerous limited, conventional conflicts since World War II, and by the potential capability for limiting superpower rivalry through conflict resolution and conflict management. They further contend that the continuing potential for conventional conflict has created a condition in which, even if conflict should escalate to the use of nuclear weapons, "mobilization to enhance our capabilities for response and deterrence is not only relevant but . . . vital and urgent."[3] Additionally, supporting the requirement for a credible U.S. mobilization capability are the increased potential for prolonged war, recognized in Presidential Directive 59 (PD-59); the current Soviet mobilization effort, evidenced by increased Soviet defense expenditures, the expansion of military manpower levels, and the increased production of war materiel; the diplomatic leverage and freedom of action with conventional arms realized by the Soviet Union following the achievement of nuclear parity with the

---

[3]Richard B. Foster and Francis P. Hoeber, "Limited Mobilization: A Strategy for Preparedness and Deterrence in the Eighties," Orbis 24 (Fall 1980):441-442. Additional examples of this emerging school of strategic thought are provided by Jacques S. Gansler, The Defense Industry (Cambridge, Ma.: MIT Press, 1982), p. 110; Gordon A. Craig and Alexander L. George, Force and Statecraft: Diplomatic Problems of Our Time (New York: Oxford University Press, 1983); Colin S. Gray, "Mobilization for High-Level Conflict: Policy Issues," in The U.S. Defense Mobilization Infrastructure: Problems and Priorities, eds. Robert L. Pfaltzgraff, Jr., and Uri Ra'anan (Hamden, Ct.: Archon Books, 1983), pp. 33-49; and Arthur A. Stein, The Nation at War (Baltimore: Johns Hopkins University Press, 1980), pp. 98-100.

United States; and, finally, concern over the readiness of conventional American forces.[4]

During this century, the United States has participated in two major regional conflicts--the Korean and Vietnam Wars--and in two world wars. Of these four wars, only the Vietnam War was undertaken on the basis of "business as usual," a politically expedient approach developed and adopted in the face of domestic and international opinion, American misperceptions of the challenge, and miscalculations by the U.S. of its capabilities and those of its opponent.[5] The remaining three wars required extraordinary efforts by the government, U.S. industry, and the American people to provide the means necessary to successfully prosecute the wars and prevent the United States and its allies from yielding to the aggression of their enemies. National disaster--in both the political and military senses--was avoided, in each instance, not by the pre-existence of a strong military structure, but rather, through the maintenance of a viable capability to mobilize the factors of national potential.[6]

This study will attempt to identify these factors of national potential and demonstrate the relationship between

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[4]Foster and Hoeber, pp. 442-447.

[5]Bernard Brodie, War and Politics (New York: Macmillan Publishing Co., 1973), pp. 115-144.

[6]Stein, pp. 87-100.

them and mobilization, and between mobilization and United States strategic policy. In pursuit of this purpose, analysis and discussion will be directed toward three principal areas, as follows:

1. The predominant domestic and international conditions influencing the realization of full national potential;

2. The concepts of threat and conflict in the international arena, and the utility of mobilization in reducing the vulnerability of the nation to the employment of threats; and,

3. The current mobilization potential of the United States and major problem areas now existing.

II. THE DOMESTIC CONTEXT

The United States is today faced with an array of domestic and international conditions whose complexity, seriousness, and potential for adverse consequences far exceed those encountered at any earlier time in the nation's history. These conditions do not act in isolation. Instead, operating independently and in combination, they influence the actions of the government, in general, and the formulation, implementation, and execution of current foreign and domestic policies, in particular. The policies and actions of the government, in turn, influence the prevailing conditions. The functional requirements of government operations; then, produce a cyclical pattern of problem identification, policy development and implementation, and policy assessment and refinement. Because internal and external conditions influece, and are influenced by, government activities in a dynamic fashion, an operational imperative emerges in the form of a requirement for the government to continuously monitor changing domestic and international conditions. Ideally, such monitoring should provide the government with the capability, first, to correctly assess the impact and effectiveness of its actions and current policies, and second, to anticipate future policy requirements and develop plans accordingly. In practice, however, misperceptions,

lack of information, misinterpretation of available information, and miscalculations may prohibit the achievement of unbiased assessments and may obstruct the development of realistic plans for the future.

Within the domestic context, four conditions are of primary interest as motivating, actualizing, or constraining influences on domestic, foreign, and military policies, and on the realization of full national potential. These include the American "strategic culture," the "post-Vietnam syndrome," the state of the domestic economy, and fiscal deficits.

A. STRATEGIC CULTURE

The first domestic condition to be considered as an influence on government activity is the strategic culture of the United States. Perhaps the strongest and the most enduring and complex of the domestic influences, the concept of the national strategic culture is an aggregation of the national character, derived from and reflecting the ethnic and cultural backgrounds of the people and their shared historical experiences; the nation's political culture; its geostrategic position; the abundance and accessibility of its natural resources; its industrial strength and economic vitality; and the collective perceptions of the people and their leaders concerning the structure and nature of the international environment and the legitimate role of the nation

in that environment. Taken as a whole, these tangible and intangible factors constitute a filtering mechanism, providing both a body of inherent guidance for the functioning of the government and a vehicle for measuring the legitimacy of government actions and policies. In the former capacity, through legal statutes, tradition, custom, and perceptions of public will, the strategic culture defines the limits of necessary, reasonable, and allowable activities for the national leaders. It provides the framework within which national level decisions are made, and it structures the nature of interactions with other sovereign nations in the international arena. In the latter capacity, the strategic culture is manifested in general public opinion and exists as a potentially significant conditioning influence on the development, implementation, and execution of government policy. During the problem identification phase of the policy cycle, the strategic culture aids in establishing perceptions of those conditions representing threats to the nation and in determining the initial alternative responses that will be considered. In the policy formulation phase, policymakers are further influenced by perceptions of the threats and by the limitations imposed on possible policy options by the perceived public acceptability of the alternatives and the anticipated public response. Public opinion may again dominate the process during the implementation and assessment phases should the selected policy alternative not

meet with the acceptance of the general public. In instances where the legitimacy of the adopted policy is questioned and a strongly negative public response results, policymakers may be forced to revaluate the situation, reconsider available alternatives, and, possibly, modify the existing policy--if this can be accomplished without unduly jeopardizing the interests and security of the nation.

The degree to which considerations of the national strategic culture enter, either consciously or unconsciously, into government decisions and activities is problematical. Being composed of elements of both moralism and pragmatism, and encompassing not only the way the nation views itself and other nations, but also how it desires to be viewed by others, the concept of the strategic culture is somewhat amorphous. As such, it may best be demonstrated through its practical expression in historical cases.

An excellent example of the influence of the strategic culture in its guidance role is provided by the Cuban Missile Crisis of October 1962, and the response of President John F. Kennedy and the Executive Committee of the National Security Council (Ex Comm) to the attempted introduction of nuclear ballistic missiles into Cuba by the Soviet Union. Faced with incontrovertible evidence of the missiles' existence in Cuba, the initial reaction was that some form of action by the United States was required. Debate within the Ex Comm regarding an appropriate response narrowed the

available options to the consideration of a military attack against the missile sites or a naval quarantine or blockade of Cuba. In the end, President Kennedy chose to institute a blockade. Contributing to this decision were three primary factors: (1) the relatively limited provocativeness of and the greater flexibility of action provided by a naval blockade as compared with a military attack; (2) the probable requirement within the military attack option to conduct an invasion of Cuba to destroy the missile sites, in as much as their destruction by "surgical air strikes" could not be guaranteed; and (3) the potential for the escalation of the crisis into a nuclear exchange between the Soviet Union and the United States as a consequence of U.S. military action directed against Cuba.[7]

On the surface, President Kennedy's decision appears to have resulted from the pragmatic consideration of American goals, resources and capabilities, and a careful examination of the potential costs and benefits of the two principal alternatives. Writing about the events that transpired during the thirteen days of the crisis, however, Robert F. Kennedy, then-Attorney General and a participant in the activities of the Ex Comm, presents an additional significant

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[7]Robert F. Kennedy, Thirteen Days: A Memoir of the Cuban Missile Crisis, with Introductions by Robert S. McNamara and Harold Macmillan (New York: W. W. Norton & Co., 1969), pp. 31-34. See also, Graham T. Allison, Essence of Decision: Explaining the Cuban Missile Crisis (Boston: Little, Brown & Co., 1971), pp. 58-62.

factor in the debate. In discussing the various aspects considered in arriving at the final decision, he demonstrates the key role played by the decisionmakers' perceptions of the American strategic culture, noting that

> . . . whatever validity the military and political arguments were for an attack in preference to a blockade, America's traditions and history would not permit such a course of action. Whatever military reasons [Dean Acheson] and others could marshal, they were nevertheless, in the last analysis, advocating a surprise attack by a very large nation against a very small one. This . . . could not be undertaken by the U.S. if we were to maintain our moral position at home and around the globe. Our struggle against Communism throughout the world was far more than physical survival--it had as its essence our heritage and our ideals, and these we must not destroy.
>
> We spent more time on this moral question during the first five days than on any other single matter. . . . We struggled and fought with one another and with our consciences, for it was a question that deeply troubled us all.[8]

This example reflects the character of the strategic culture as a restraint on the freedom of action of decisionmakers. It may also exhibit a motivational role, providing either positive or negative motivation, or a combination of both. As a positive motivator, it directs action toward the attainment of a goal, as was the case with the perceived imperative ". . . that some form of action was required"[9] to counter the Soviet ploy in Cuba. Alternately, as a negative motivator, the desired response is solicited by establishing

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[8]Ibid., pp. 38-39.

[9]Ibid., p. 31.

perceptions of the unacceptable consequences associated with a failure to respond properly, as was demonstrated by President Kennedy's comment, during the waning hours of the crisis, to the effect that, having perceived that decisive action was necessary to check the Soviets, had it not been undertaken, "'I would have been impeached.'"[10]

Numerous examples exist illustrating the function of the national strategic culture as a measure of legitimacy in examining government activities. The above statement by Robert F. Kennedy reflects one facet of this role, as relates to its influence in determining the limits of allowable actions for decisionmakers when they are isolated from the direct pressures of public opinion.[11] It may also be seen, however, in expressions of public sentiment relating to government activities and policies. This expression may, at one extreme, be as general and benign as the demonstration of concurrence witnessed in the reelection of a government official, or, conversely, the voting out of office of an official whose activities or policies are suspect. At the opposite extreme, public pressure may cause the initiation of reforms or otherwise result in an alteration of

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[10] Ibid., p. 67.

[11] A policy of strict secrecy was imposed on information concerning the events leading up to President Kennedy's public announcement of the naval blockade on day seven (October 22) of the Cuban Missile Crisis. Thus, the effect of public opinion on the decisionmaking process was virtually eliminated.

existing government policies and activities. For example, during the 1970s, U.S. intelligence agencies were subjected to intense public scrutiny regarding their domestic and foreign activities. The intelligence collection methods (e.g., the interception of mail, wiretaps, and "break-ins") employed within the United States by both the Federal Bureau of Investigation (FBI) and the Central Intelligence Agency (CIA) were attacked as infringements on the constitutional rights of American citizens. Additionally, the domestic activities of the FBI in connection with its Counterintelligence Program (COINTELPRO), designed to disrupt and discredit selected dissident groups, and certain covert CIA activities abroad (e.g., alleged assassination plots, alleged involvement in plots to overthrow governments, and support of repressive, undemocratic governments and movements) were criticized as being contrary to basic American ideals. The public indignation and furor generated during the ensuing open debate regarding the intelligence community resulted in a series of congressional and executive branch initiatives designed to restrict and control intelligence activities. These included, among others: (1) the issuance of Executive Order 11905 by President Ford in February 1976, clarifying the functions and roles of and the restrictions on the intelligence community; (2) the creation of the Senate and House of Representatives Committees on Intelligence, tasked with oversight responsibilities concerning covert actions;

(3) the issuance of Executive Order 12036 by President Ford in January 1978, restating the community's roles, missions, and restrictions, and providing the Attorney General with the authority to recommend the disapproval of specific covert operations; and (4) the passage of the Foreign Intelligence Surveillance Act of 1978, requiring legal warrants in order to conduct electronic surveillance on American citizens, inside U.S. territory, for intelligence or counterintelligence purposes.[12]

B. POST-VIETNAM SYNDROME

A second domestic condition influencing government policy is the so-called "post-Vietnam syndrome." Some ten years after the end of the Vietnam War, the United States is still plagued by repercussions arising from that conflict. Within the historical context of the Vietnam War and its aftermath, the U.S. has experienced several fundamental, interrelated structural and psychological alterations. First, although public support for the war was never strong, as the conflict lengthened and expanded in scope and intensity--particularly after direct, uncensored news media coverage of the events in Southeast Asia became the norm following the 1968 Tet offensive--a ground swell of public opinion opposing

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[12]Amos A. Jordan and William J. Taylor, Jr., American National Security: Policy and Process, with a Foreword by Maxwell D. Taylor (Baltimore: Johns Hopkins University Press, 1981), pp. 137-146.

U.S. military involvement emerged. Notwithstanding that this pattern of initial public support, followed by diminishing support, and, finally, opposition, is an historical American phenomenon,[13] public discontent with the Vietnam War was exacerbated by the failure of U.S. arms, once involved, to achieve a satisfactory military conclusion in the conflict, and by the failure of American diplomacy to lend credence to government rhetoric by securing a peace settlement that was truly a "peace with honor." The humiliating flight of American personnel from Saigon in April 1975, following the withdrawal of U.S. combat forces and the conquest of South Vietnam by the North, served only to fuel the fires of public discontent. The psychological impact of having "lost" both the war and the peace has left its mark on the American public, and has been reflected in a period of collective self-doubt, a continuing debate concerning the establishment of national priorities, and an overriding hesitancy to permit the involvement of U.S. military forces in subsequent confrontational situations.

A second component of the post-Vietnam syndrome has been the deterioration of public trust in the government and the national leaders. Initially generated by unresolved questions dealing with the morality of the Vietnam War and

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[13]Charles W. Kegley, Jr. and Eugene R. Wittkopf, American Foreign Policy: Pattern and Process (New York: St. Martin's Press, 1982), p. 279.

the legitimacy of U.S. involvement, this degenerative condition was aggravated by the unfolding of the Watergate scandal beginning in the summer of 1972. The subsequent revelation of the details relating to the misuse of government authority and the domestic and foreign activities of U.S. intelligence agencies, combined with the attendant public humiliation and resignation of President Richard M. Nixon, the first American president to resign from office, served only to heighten the public's concern. The result has been a general degradation of public faith in the national leadership and a growing public tendency to question the validity of the declared national purpose and the form and direction of government initiatives--particularly those of the executive department--in both the foreign and domestic policy arenas.

Third, the involvement of the "attentive public"[14] in the policymaking process grew dramatically during and following the Vietnam War. This phenomenon was initially spurred by the rising tide of public discontent with the war, and, later, by the increased influence of the mass

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[14]Kegley and Wittkopf represent the American public as a three-tiered pyramid. At the top are the "decision-making elite," comprising approximately two percent of the population. The middle layer, the "attentive public," includes "those knowledgable in foreign affairs [and, by extension, other areas] but not necessarily with access to decision makers" and comprises between 15 and 20 percent of the population. The bottom and largest layer, being the remainder of the population, is the "mass public." See Kegley and Wittkopf, p. 305.

media in establishing the public agenda and shaping public opinion, by local and regional political and economic concerns, and by the lingering perception that the credibility of the nation's leaders could not be assumed and that the government, if left unchecked by expressions of the public will, represented a potentially "dangerous" institution. The public's desire to become involved in the policymaking process found outward expression during the war primarily through the medium of anti-war and peace demonstrations. Following the war, however, it has been evidenced by a dramatic increase in the number of special interest groups and informal political groups participating in the development of policy.[15] The end result has been an increase in the attentive public's influence and an accompanying increase in the deference shown by government officials toward the views of the attentive public.

Finally, a process of alteration in the structural and functional relationships within the government itself emerged prior to and has continued during the post-Vietnam period. Ostensibly designed to improve the operation of the government and prevent a repetition of the type of involvement and activities witnessed during the Vietnam period,

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[15]An illustrative example is provided by the growth in the number of political action committees (PACs) from 608 in 1974 to 2,551 in 1980. See Roger H. Davidson and Walter J. Oleszek, Congress and Its Members (Washington, D.C.: Congressional Quarterly Press, 1981), p. 77.

this process of change has derived principally from statutory modifications enacted by the Congress. The changes themselves have generally reflected a response to existing public pressures and represented a continuation of the historical cycle of competition between the executive and legislative branches for dominance in the government. Representative examples of these modifications include, but are not limited to the following: (1) the repeal of the 1964 Southeast Asia (or Gulf of Tonkin) Resolution in 1970, thus limiting the president's discretionary war-making powers by removing congressional approval of the authority given the president by the resolution "'to take all necessary measures to repel any armed attack against the forces of the United States and to prevent further aggression;'" (2) the passage of the Case Act of 1972, which attempted to deal with the question of secret commitments by requiring that the executive department submit all international agreements to Congress within sixty days of their execution; (3) the passage of the War Powers Act of 1973, over President Nixon's veto, limiting the length of time the president may commit U.S. forces without congressional authorization to sixty days and providing Congress with the power to disengage U.S. forces "at any time [they] are engaged in hostilities without a declaration of war or a specific congressional authorization;"[16] (4) the passage of the Congressional Budget and

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[16]Kegley and Wittkopf, pp. 416-421.

Impoundment Control Act of 1974, which extended and consolidated congressional jurisdiction over a broadened range of government financial matters, established revised budgetary procedures, and created the Senate and House Budget Committees and the Congressional Budget Office (CBO);[17] (5) the passage of the 1976 Symington Amendment to the Foreign Military Sales Act, forbidding "military and economic assistance credit to countries believed to be developing a nuclear weapons capability;" and (6) the passage of the International Security and Arms Export Act of 1976, which prohibited arms transfers to nations that violated human rights, limited sales to non-NATO countries by commercial vendors to values less than $25 million, and stressed the requirement for public disclosure and review of information relating to arms sale transactions.[18]

The result of the modifications made in structural and functional relationships has been an overall shift in the balance of governmental power away from the executive department and toward the Congress. The impact of these changes may be seen both in the limitation of presidential authority in the areas of foreign policy, foreign military arms sales and transfers, and war-making prerogatives, and

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[17]Davidson and Oleszek, pp. 330-334.

[18]Andrew J. Pierre, The Global Politics of Arms Sales (Princeton, NJ: Princeton University Press, 1982), pp. 50-51 and 222.

in the concomitant expansion of congressional capabilities and authority in the areas of foreign and military affairs and the budget process.

C. STATE OF THE ECONOMY

The third major domestic condition influencing government policy is the state of the economy. The United States has recently undergone a period of economic recession, characterized by record levels of unemployment, rising inflation rates, and a sharp decline in the productivity growth of the industrial sector--conditions popularized by the term "stagflation." Currently, however, the leading economic indicators appear to reflect improving economic conditions. Whether these improvements portend a long-term trend of economic recovery or merely a short-term aberration remains to be seen.

Tables 1 and 2 provide data on selected domestic economic indicators. These tables, displaying average values and average annual rates of change for the indicators during the period 1945 through 1982, in five-year segments (except for 1980 through 1982), demonstrate the long-term economic conditions experienced by the U.S. since World War II. Several trends may be observed in the data presented. First, all indicators demonstrated positive average annual real growth rates over the entire postwar period. Second, while the values of the three monetary indicators

PERIOD	GROSS NATIONAL PRODUCT [BILLIONS, 1972 $]	GROSS PRIVATE DOMESTIC INVESTMENT [BILLIONS, 1972 $]	NON-RESIDENTIAL INVESTMENT [BILLIONS, 1972 $]	UNEMPLOYMENT RATE [PERCENT]	CONSUMER PRICE INDEX [1967=100]
1945-49	498.20	63.22	43.14	3.88	64.56
1950-54	590.94	87.76	53.34	4.00	78.00
1955-59	683.10	99.78	63.16	5.02	83.96
1960-64	800.60	116.86	72.68	5.72	90.70
1965-69	1,014.24	160.56	107.46	3.84	101.14
1970-74	1,178.90	188.08	124.16	5.38	128.74
1975-79	1,363.50	205.30	142.68	7.04	185.20
1980-82	1,484.03	210.37	167.83	8.13	269.43
1945-82	923.67	137.87	93.07	5.23	117.63

TABLE 1. AVERAGES FOR SELECTED DOMESTIC ECONOMIC INDICATORS, 1945-82

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), pp. 164, 196 and 224.]

PERIOD	GROSS NATIONAL PRODUCT [PERCENT]	GROSS PRIVATE DOMESTIC INVESTMENT [PERCENT]	NON-RESIDENTIAL INVESTMENT [PERCENT]	UNEMPLOYMENT RATE [PERCENT]	CONSUMER PRICE INDEX [PERCENT]
1945-49	-2.92	+37.91	+15.80	+39.49	+7.42
1950-54	+4.66	+6.40	+3.89	+5.87	+2.47
1955-59	+3.25	+6.39	+3.08	+3.42	+1.65
1960-64	+3.97	+4.41	+5.45	-0.24	+1.25
1965-69	+4.42	+5.39	+7.36	-7.41	+3.41
1970-74	+2.80	+3.15	+3.25	+11.42	+6.14
1975-79	+3.52	+4.96	+5.01	+3.12	+8.06
1980-82	-0.08	-5.42	-0.84	+19.03	+10.01
1945-82	+2.74	+7.81	+5.43	+8.00	+4.72

TABLE 2. AVERAGE ANNUAL RATES OF CHANGE FOR SELECTED DOMESTIC ECONOMIC INDICATORS, 1945-1982

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), pp. 164, 196 and 224.]

increased with each successive period, the period averages for the annual rates of change in these indicators fluctuated significantly. The gross national product (GNP, a measure of the total value of all goods and services produced during a year) nearly tripled from the 1945-1949 period to the 1980-1982 period, but had an average negative rate of growth during both the 1945-1949 period, reflecting real value declines in GNP from 1945 to 1946 and from 1946 to 1947, and again during the 1980-1982 period, reflecting a real decline from 1981 to 1982. Similarly, both gross private domestic investment and non-residential investment (i.e., investment in business structures and producers' durable equipment) more than tripled, but each had negative average growth rates during the 1980-1982 period, reflecting real value declines from 1979 to 1980 and from 1981 to 1982. Third, the value of the consumer price index increased by more than four times from the first to the last period. This was the only indicator that demonstrated a consistently positive rate of change, although the growth rate slowed from the 1945-1949 period through the 1960-1964 period, and then increased through the 1980-1982 period. Fourth, the unemployment rate was the only indicator whose average value decreased during any five-year period--from the 1960-1964 period to the 1965-69 period--indicating actual annual declines from 1964 to 1965, 1965 to 1966, 1967 to 1968, and 1968 to 1969 in the proportion of the civilian work force

that was unemployed. And, fifth, the negative average rates of change in the three monetary indicators and the accompanying strongly positive changes in the unemployment rate and the consumer price index during the 1980-1982 period are indicative of the recent economic recession.

Six economic discontinuities have been identified as contributing to the recent U.S. domestic economic condition. These are: (1) a sharp decline in non-farm industrial productivity--a 0.4 percent per year growth in real output per hour from 1973 to the present, as compared to a 2.5 percent per year growth for the period 1948 to 1973; (2) a sharp decline in capital formation, evidenced by the decline in the rate of gross private domestic and non-residential investments, and by a shortfall of some 2 to 3 percent of GNP, during the period 1973 to 1980, from the investment of 12 to 13 percent of GNP considered necessary to provide required industrial capacity, productivity improvement, and new energy sources; (3) the increasing internationalization of the economy--a twofold increase, from 12 to 24 percent, in the proportion of the national economy accounted for by exports and imports since 1970; (4) the increase in energy costs, reflected in the increased value of petroleum imports from $5 billion in 1972 to $105 billion in 1980; (5) chronic inflation--an increase from an average of slightly more than one percent per year, during the period 1960 to 1965, to over eight percent for the period 1975 to 1980; and (6) the

increased number of government regulations on industry and the associated cost of compliance--estimates place the cumulative cost of compliance with existing environmental regulations at approximately $478 billion for the ten-year period from 1978 through 1987.[19] These discontinuities, serious by themselves, represent American circumstances, and have occurred within the larger context of the dynamic normally associated with the evolution of an industrial society. The forces operating in this dynamic environment include a long-term trend toward a service economy and away from a production economy, the societal impact of demographic changes, shifts of comparative advantage in global trade, and changes in consumer preferences and social objectives. These dynamic forces, taken together with the identified discontinuities, have resulted in the economic growth of some national regions and the relative decline of others, and in an overall degradation in the state of the domestic economy.[20]

Within this economic context, government activity is both complex and dynamic. The realization of a "healthy" domestic economy is one of the more obvious national goals. The economy itself, however, tends to act as a constraint on government activity, while, at the same time, government

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[19]Reginald H. Jones, "Toward a New Industrial Policy," in Toward a New U.S. Industrial Policy?, eds. Michael L. Wachter and Susan M. Wachter (Philadelphia: University of Pennsylvania Press, 1983), pp. 13-14.

[20]Ibid., p. 14.

policies, acting variously either to improve or degrade existing economic conditions, have the potential to directly and indirectly influence the state of the economy. The result is the emergence of two divergent governmental tendencies. The first, centered primarily within the Congress, is associated with the constitutional budgetary powers of the legislative branch. It is reflected in a hesitancy, during periods of deteriorating or degraded economic conditions, to enact legislation (e.g., public statutes and appropriations) having the potential to worsen the situation.

The second tendency is associated with the opposing economic viewpoint. Its supporters hold the belief that the government has the capability to modify the existing economic state through the management and alteration of government policies. Implicit in this argument is the additional conviction that the government also has an obligation to alter its policies during periods of adverse economic conditions in order to precipitate an improvement in the state of the economy.

Whether one or the other of these positions is "correct" and will prevail in the public forum is largely problematic. A recent congressional trend relevant to the issue must, however, be noted. Commencing with the Ninety-sixth Congress (1979-1980), statutory provisions have been included in certain legislation (e.g., amendments to the Defense Production Act of 1950), requiring that economic impact

assessments be conducted and that the anticipated impact, in each instance, be within "acceptable" limits before the legislation is allowed to enter into force. These limits are not static, however, but are determined on a case-by-case basis through the process of committee and floor debate on the individual congressional bill.

D. FEDERAL DEFICITS

The final domestic condition to be considered is directly related to the state of the economy, and involves the increase in fiscal deficits. During the period from 1973 through 1982, the annual federal budget deficit averaged approximately $48 billion, with a record high annual deficit of $110.6 billion posted in 1982. The average annual deficit for this most recent ten-year period represents an eightfold increase over the average annual deficit of $6.1 billion for the preceding twenty-eight years (1945 through 1972). During the same ten-year period, government receipts increased by nearly 168 percent (from $230.8 billion in 1973 to $617.8 billion in 1982), while outlays increased by almost 197 percent (from $245.6 to $728.4 billion), and the gross federal debt increased by some 145 percent (from $468.4 to $1,147 billion).[21]

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[21]U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), p. 248. Note: Although the monetary figures listed are in current dollars, the percentages given are equivalent to real growth, which is calculated using constant dollars.

The long-term increase in government budget deficits has resulted from the combined effects of two related influences. First, the range of activities undertaken by the federal government has widened. And, second, the effects of inflation and the expense associated with the increased size and broadened scope of the federal government have resulted in higher levels of government spending.

Four patterns or relationships have been identified with regard to federal spending.[22] The first involves the direct impact of inflation--reflected in the increased costs of goods and services[23]--on total annual government outlays. As shown in Table 3, over the period from 1963 through 1982, total annual federal outlays (including off-budget outlays after 1972), in current dollars, increased by nearly seven times, with a 10.7 percent average annual rate of growth. During the same period, the inflation rate averaged approximately four percent. When the effects of inflation are discounted, a markedly different picture of government spending emerges. Using constant 1972 dollars, the average annual growth rate for the period was slightly more than four percent, and total outlays in 1982 were only twice those of

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[22]Dennis S. Ippolito, The Budget and National Politics (San Francisco: W. H. Freeman & Co., 1978), pp. 24-29.

[23]The practice of artificially inflating the prices of goods and services provided to the government by vendors and contractors is not addressed here, although this practice results in a very real growth in government spending.

	CURRENT ----DOLLARS-----			1972 ----DOLLARS-----		
YEAR	OUTLAYS	W/OFF-BUDGET OUTLAYS	GROWTH RATE	OUTLAYS	W/OFF-BUDGET OUTLAYS	GROWTH RATE
1963	111.3	----	----	162.8	----	----
1964	118.6	----	6.56	170.3	----	4.61
1965	118.4	----	-0.17	166.9	----	-2.00
1966	134.7	----	13.77	183.0	----	9.65
1967	157.6	----	17.00	207.5	----	13.39
1968	178.1	----	13.01	224.6	----	8.24
1969	183.6	----	3.09	220.2	----	-1.96
1970	195.7	----	6.59	220.2	----	0.00
1971	210.2	----	7.41	222.6	----	1.09
1972	230.7	----	9.75	230.7	----	3.34
1973	245.6	245.7	6.50	233.3	233.4	1.17
1974	267.9	269.3	9.61	236.9	238.1	2.01
1975	324.5	332.3	23.39	260.2	266.7	12.01
1976	364,5	371,8	11.89	274.3	279.8	4.91
1977	400.5	409.2	10.06	280.6	286.7	2.47
1978	448.4	458.8	12.12	293.8	300.6	4.85
1979	491.0	503.5	9.74	297.2	304.8	1.40
1980	576.7	590.9	17.36	316.7	324.5	6.46
1981	657.2	678.2	14.77	327.5	338.0	4.16
1982	728.4	745.7	9.95	338.7	346.7	2.57
AVG.	307.2	312.2	10.65	243.4	246.4	4.12

TABLE 3. FEDERAL OUTLAYS IN CURRENT AND CONSTANT 1972 DOLLARS, 1963-1982 (outlays in billions of dollars; growth rates in percent)

[Source: Office of Management and Budget, The United States Budget in Brief, Fiscal Year 1984 (Washington, D.C.: U.S. Government Printing Office, 1983), p. 69.]

1963. These figures suggest not only the magnitude of the real growth in government spending, but also the significant influence of inflation on total annual government outlays.

Second is the relationship between government spending and domestic economic growth. If the gross national product is utilized as an overall measure of the economy, this relationship may be expressed as the percentage of GNP represented by total government outlays. On an annual basis, this ratio provides an indication of the relative importance of government expenditures to the economy, and, taken over time, indicates the comparative rates of growth of the economy and government spending.[24]

A synopsis of this relationship for the period 1948 through 1982 is provided in Table 4. Two conclusions may be drawn from the data presented. First, there has been a long-term increase in the proportion of GNP represented by federal expenditures. And, second, from 1948 through 1982, government outlays grew at a faster rate than GNP--an average of 10.3 percent as compared to 7.6 percent. These conditions suggest that government spending has assumed an increasingly important role in domestic economic growth.

Third, and related to the second point, is the relationship between GNP, as a measure of the economy, and the federal debt. Table 5 provides a comparison of the annual

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[24]Ippolito, p. 25.

YEAR	GNP [B, Current $]	OUTLAYS [B, Current $]	PERCENT
1948	259.5	29.8	11.5
1949	258.3	38.8	15.0
1950	286.5	42.6	14.9
1951	330.8	45.5	13.8
1952	348.0	67.7	19.5
1953	366.8	76.1	20.7
1954	366,8	70.9	19.3
1955	400.0	68.5	17.1
1956	421.7	70.5	16.7
1957	444.0	76.7	17.3
1958	449.7	82.6	18.4
1959	487.9	92.1	18.9
1960	506.5	92.2	18.2
1961	524.6	97.8	18.6
1962	565.0	106.8	18.9
1963	596.7	111.3	18.7
1964	637.7	118.6	18.6
1965	691.1	118.4	17.1
1966	756.0	134.7	17.8
1967	799.6	157.6	19.7
1968	873.4	178.1	20.4
1969	944.0	183.6	19.4
1970	992.7	195.7	19.7
1971	1,077.6	210.2	19.5
1972	1,185.9	230.7	19.5
1973	1,326.4	245.7	18.5
1974	1,434.2	269.3	18.8
1975	1,549.2	332.3	21.4
1976	1,718.0	371.8	21.6
1977	1,918.3	409.2	21.3
1978	2,163.9	458.8	21.2
1979	2,417.8	503.5	20.8
1980	2,633.1	590.9	22.4
1981	2,937.7	678.2	23.1
1982	3,057.5	745.7	24.4

TABLE 4. FEDERAL OUTLAYS AS PERCENTAGES OF GROSS NATIONAL PRODUCT, 1948-1982

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), pp. 163 and 248.]

YEAR	GNP [B 1972 $]	GROWTH RATE [%]	FEDERAL DEBT [B 1972 $]	GROWTH RATE [%]	PERCENT
1952	600.8	+3.69	447.3	+0.02	74.45
1953	623.6	+3.79	452.2	+1.10	72.51
1954	616.0	-1.22	454.7	+0.55	73.71
1955	657.5	+6.74	451.0	-0.81	68.59
1956	671.6	+2.14	434.5	-3.66	64.70
1957	683.8	+1.82	419.5	-3.45	61.34
1958	681.0	-0.41	423.5	+0.95	62.19
1959	721.7	+5.98	425.7	+0.52	58.99
1960	737.3	+2.16	423.4	-0.54	57.43
1961	756.7	+2.63	422.5	-0.21	55.83
1962	800.2	+5.75	429.5	+1.66	53.67
1963	832.6	+4.05	433.7	+0.98	52.09
1964	876.3	+5.25	435.3	+0.37	49.67
1965	929.4	+6.06	434.6	-0.16	46.76
1966	984.9	+5.97	429.3	-1.22	43.59
1967	1,011.4	+2.69	431.7	+0.56	42.68
1968	1,058.2	+4.63	448.0	+3.78	42.34
1969	1,087.7	+2.79	423.0	-5.58	38.89
1970	1,085.5	-0.20	418.4	-1.09	38.54
1971	1,122.4	+3.40	426.5	+1.94	38.00
1972	1,185.9	+5.66	437.3	+2.53	36.87
1973	1,254.3	+5.77	442.9	+1.28	35.31
1974	1,246.3	-0.64	422.5	-4.61	33.90
1975	1,231.6	-1.18	432.5	+2.37	35.12
1976	1,298.2	+5.41	477.5	+10.40	36.78
1977	1,369.7	+5.51	506.3	+6.03	36.96
1978	1,438.6	+5.03	518.8	+2.47	36.06
1979	1,479.5	+2.84	510.2	-1.66	34.48
1980	1,474.0	-0.37	511.8	+0.31	34.72
1981	1,502.6	+1.94	513.5	+0.33	34.17
AVERAGES					
1952-61	675.0	+2.73	435.4	-0.55	64.50
1962-71	978.9	+4.04	431.0	+0.12	44.03
1972-81	1,348.1	+3.00	477.3	+1.95	35.41
1952-81	1,000.6	+3.26	447.9	+0.51	44.76

TABLE 5. GNP AND FEDERAL DEBT GROWTH RATES AND FEDERAL DEBT AS A PERCENTAGE OF GNP, 1952-1981

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), pp. 163 and 248.]

growth rates for GNP and the federal debt and an indication of the federal debt as a percentage of GNP, on an annual basis and averages for ten-year periods from 1952 through 1981. In the long-term, a downward trend may be seen in the percentage of GNP represented by the debt, indicating that the economy was growing faster than the debt.[25] The short-term trends appear to support this conclusion. For the last ten-year period, however, a slow-down in the economy is indicated by the decrease in GNP growth. Further, the debt grew at a rate sixteen times faster during the last as compared to the second period. At the same time, the proportion of the federal debt held by the public (i.e., individuals and private institutions) has dropped from an average of 81.8 percent for the 1952-1961 period to 75.8 percent for the 1972-1981 period, the proportion of GNP represented by the publicly held debt has dropped from an average of 53.2 to 26.9 percent between the same two periods, and the proportion of GNP made up of private savings has increased from 16.1 to 17.0 percent,[26] again indicating the reduced effect of the federal debt on the health of the economy over the long-term.[27]

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[25] Ibid., p. 32.

[26] Economic Report of the President, pp. 163, 192 and 248.

[27] The "crowding-out effect"--the creation of disincentives for and the reduction of private savings as a result of increased federal debt--appears to have been nominally

The final pattern associated with government spending deals with changes in the composition of federal outlays.[28] Figure 1 illustrates the percentages of total annual outlays, during the period from 1963 through 1982, represented by four federal expenditure categories: (1) national defense, (2) payments to individuals (e.g., unemployment compensation, public assistance, general retirement and disability insurance programs, and veterans benefits and services), (3) net interest (i.e., interest paid on the national debt), and (4) all other nondefense outlays. Outlays in the four categories during the same period are shown, in constant 1972 dollars, in Figure 2. These graphs suggest several conclusions. First, the proportional and monetary balances between "net interest" and "all other nondefense" outlays remained relatively stable over the entire period. Second, "national defense" outlays, in constant dollars, also remained relatively stable. Third, outlays for "payments to individuals" increased dramatically during the period--from $40.2 billion in 1963 to $168.3 billion in 1982 (an increase of more than four times). And, fourth, the

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operative over the long-term. For example, while the federal debt increased significantly during the thirty-year period, private savings as a percentage of GNP also increased (8.0 percent average annual growth). At the same time, however, the rate of growth in personal savings as a percentage of disposable income was much lower (0.4 percent). See Economic Report of the President, pp. 190 and 192.

[28] Ippolito, p. 27.

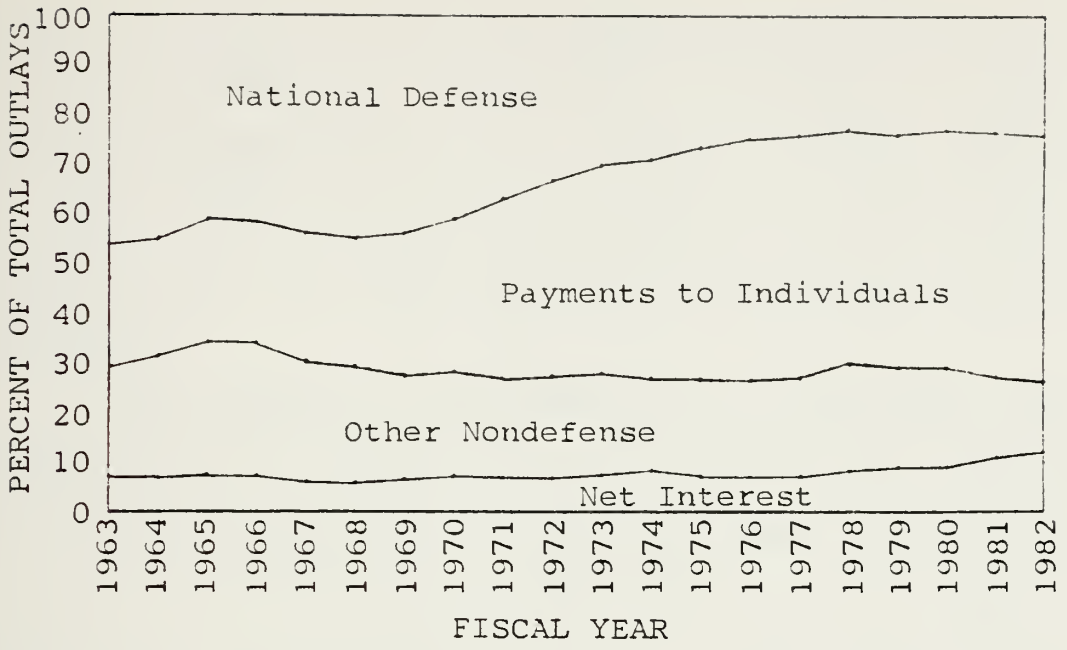

FIGURE 1. EXPENDITURE CATEGORY PROPORTIONS OF TOTAL OUTLAYS, FISCAL YEARS 1963-1982

[Source: Office of Management and Budget, The United States Budget in Brief, Fiscal Year 1984 (Washington, D.C.: U.S. Government Printing Office, 1983), p. 69.]

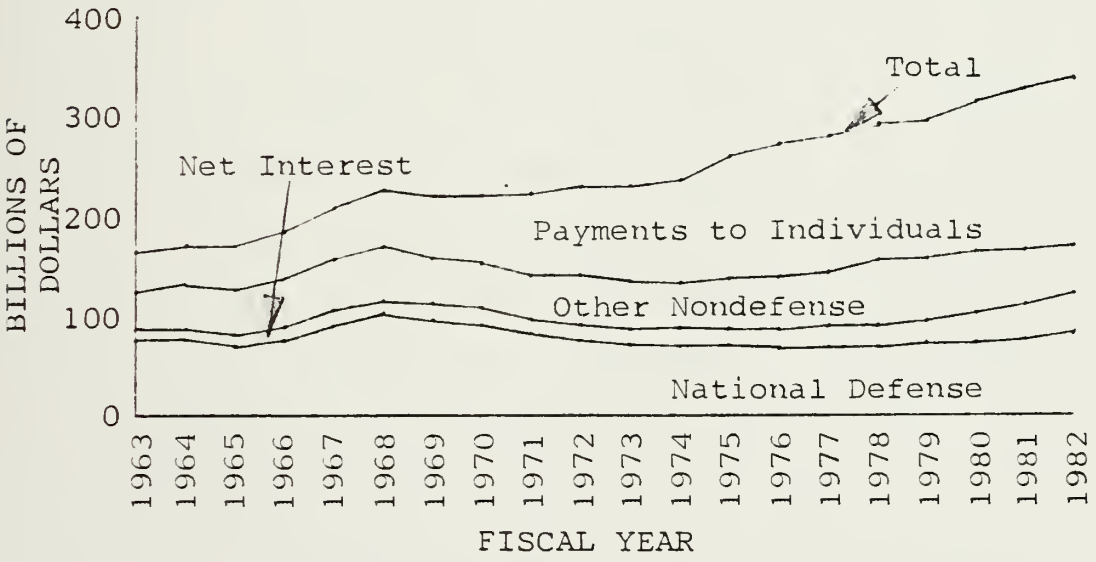

FIGURE 2. FEDERAL OUTLAYS IN CONSTANT 1972 DOLLARS, FISCAL YEARS 1963-1982

[Source: Office of Management and Budget, The United States Budget in Brief, Fiscal Year 1984 (Washington, D.C.: U.S. Government Printing Office, 1983), p. 69.]

proportional division of total outlays between "national defense" and "payments to individuals" represented a nearly inverse relationship--that is, "national defense" declined from approximately 46 percent to 24 percent, while "payments to individuals" increased from nearly 25 percent to almost 50 percent.

The changes in the composition of government outlays during the period may also be represented by the comparison of the rates of real growth reflected in the constant dollar values of the four categories and total outlays. These growth rates are presented in Table 6 in the form of five-, ten-, fifteen-year, and period summaries. Table 7 provides a cross-comparison of the relative growth rates of each category and total outlays. From these tables, it may be seen, first, that although net declines occurred in the "national defense" category between 1967 and 1977, and in the "all other nondefense" category during the periods 1968 to 1972 and 1978 to 1982, all categories of expenditures had positive average growth rates over the entire twenty-year period. Second, outlays for "payments to individuals" and "net interest" grew at significantly higher rates than the remaining categories and total outlays--e.g., 11.4 times faster than "national defense" for the former, and 10.6 times faster for the latter. And, third, the data illustrates both the growth in the size of the federal debt, reflected in the increase in expenditures within the "net

PERIOD	NATIONAL DEFENSE	PAYMENTS TO INDIVIDUALS	NET INTEREST	ALL OTHER NONDEFENSE	TOTAL OUTLAYS
1963-67	+5.70	+7.11	+5.05	+8.15	+6.41
1968-72	-3.36	+11.60	+3.82	-0.51	+2.20
1973-77	-2.35	+8.78	+6.60	+2.66	+4.05
1978-82	+3.82	+4.15	+13.86	-1.66	+3.85
1963-72	+0.67	+9.61	+4.37	+3.34	+4.07
1963-77	-0.41	+9.31	+5.16	+3.10	+4.06
1963-82	+0.70	+7.95	+7.45	+1.85	+4.01

TABLE 6. REAL GROWTH RATES OF OUTLAYS BY EXPENDITURE CATEGORY, FISCAL YEARS 1963-1982

	NATIONAL DEFENSE	PAYMENTS TO INDIVIDUALS	NET INTEREST	ALL OTHER NONDEFENSE	TOTAL OUTLAYS
NATIONAL DEFENSE	1.000	0.088	0.094	0.378	0.175
PAYMENTS TO INDIVIDUALS	11.357	1.000	1.067	4.297	1.983
NET INTEREST	10.643	0.937	1.000	4.027	1.858
ALL OTHER NONDEFENSE	2.643	0.233	0.248	1.000	0.461
TOTAL OUTLAYS	5.729	0.504	0.538	2.168	1.000

TABLE 7. PROPORTIONAL GROWTH RATES OF OUTLAYS BY EXPENDITURE CATEGORY FOR THE PERIOD FISCAL 1963 THROUGH FISCAL YEAR 1982

interest" category, and the relative importance of and the priority placed on the funding of social programs, evidenced by the real and proportional growth in the "payments to individuals" category.

Recognition of these continuing trends of rising fiscal deficits and growing federal indebtedness has resulted in a public outcry for reductions in government spending. The response to public opinion has been reflected in the inclusion of the issue of government spending, among other key issues, in the two most recent presidential elections, in the declaration of government fiscal policies ostensibly designed to reduce spending--e.g., the Carter Administration's "zero-based budgeting" policy and the "supply side" economic policy, the so-called "Reaganomics," of the Reagan Administration--and, again, in the hesitancy of Congress to enact legislation that might exacerbate the situation.

Efforts to reduce government spending generally take two basic forms: (1) attempts to eliminate the occurrence of fraud, waste, and abuse--a largely executive branch initiative, but also involving oversight activities by congressional committees, the General Accounting Office (GAO), and the Congressional Budget Office (CBO)--and (2) budget cuts made by Congress during the authorization and appropriation process. Of the two types of initiatives, budget cuts have a greater effect on reducing overall government spending levels because of the larger monetary savings they entail.

Budget cuts may be made in either "controllable" or "uncontrollable" expenditure categories and programs, but they occur more frequently in the former due to the relative ease with which they may be undertaken.[29] Defense appropriations constitute the largest controllable expenditure category in terms of the volume of outlays concerned, and are determined on an annual basis. Thus, despite the strategic significance and fundamental necessity of providing for the national security, defense appropriations--particularly those for so-called "non-essential" programs--are perceived to be an obvious area for cuts when Congress is faced with the fiscal obligation to reduce the federal budget.

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[29]Ippolito, pp. 18-19, notes that ". . . controllability reflects the extent to which outlays in a given year can be increased or decreased under existing law. . . . 'Relatively uncontrollable' outlays are those which 'are mandated under an existing law' or which 'represent the liquidation of a contractual obligation . . . that was made prior to the start of the fiscal year in question.' . . . Legal commitments made by [the] government in previous years . . . must be met when due and are . . . absolutely uncontrollable. Spending under entitlement programs, such as public assistance or social security, can be controlled to a limited degree by changes in authorizing legislation."

III. THE INTERNATIONAL CONTEXT

International conditions also influence the government's policies and actions. This influence may be direct (i.e., yielding a response to international events or to changes in the international environment), or it may be indirect (i.e., resulting in a response to the domestic manifestations of international conditions). Often the distinction between the two modes of responses becomes difficult to establish, being largely dependent upon the lapsed time between the international stimulus and the government's response. For example, international conditions or events approaching or constituting a crisis situation may produce an essentially direct response, whereas, if the degree of criticalness is somewhat less, ample time may be available for a domestic reaction to be generated, and the government's response may contain both direct components and components resulting from domestic pressures.

A. WORLD POWER BALANCE

The overriding international condition in the modern world is the state of the world power balance. Theorists and practitioners agree that this condition is not static, the consensus being that the world has evolved from a bipolar condition in the aftermath of World War II. Beyond

this, however, agreement tends to be coincidental. One school of thought, represented by the Realists,[30] maintains that nations, as international actors, behave in a rational manner, and that international relationships are based on perceptions of the power balance between the actors. This school believes that the international context has remained essentially bipolar, having evolved from the "tight" bipolar condition experienced during the Cold War years to a "loose" bipolarity at present. Dominated by the two superpowers, the U.S. and the Soviet Union, activity within the bipolar international arena is seen to occur as a series of "zero-sum" interactions--that is, an action taken by one superpower results in an absolute gain or loss for that superpower and an equal loss or gain, respectively, for the other superpower. Taken in the aggregate, then, these interactions determine the existing power balance at any point in time.

The opposing, or Neoliberal, school[31] contends that the postwar bipolar world has been replaced by a multipolar international arena, in which additional power bases, such as the People's Republic of China (PRC), Western Europe,

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[30]Representative examples of this school's positions may be found in Kenneth N. Waltz, Theory of International Politics (Reading, Ma.: Addison-Wesley Publishing Co., 1979) and Hans J. Morgenthau, Politics Among Nations: The Struggle for Power and Peace, 5th ed. (New York: Alfred A. Knopf, 1973).

[31]For an example, see Robert O. Keohane and Joseph S. Nye, Power and Interdependence: World Politics in Transition (Boston: Little, Brown & Co., 1977).

Japan, the bloc of Third World nations, cartels, international organizations, and multinational corporations, have emerged and must be taken into account. Within this multipolar context, they believe, nations represent only one of several forms of international actors--the remaining actors being individuals, organizations, and groups. The activities of these actors are seen to be "interdependent" (i.e., mutually dependent or characterized by reciprocal effects) within a "nonzero-sum" context. That is, the actors relate to each other in a variety of areas--militarily, diplomatically, economically. Linkages may be established between the various areas, and interactions among the actors occur in a manner designed to maximize the actors' benefits and minimize their costs in each area. The aggregation of these interactions results in relative, rather than absolute, gains and losses for the individual actors, wherein a gain for one actor does not necessarily constitute a commensurate loss for another.

The philosophical arguments of the Realists and the Neoliberals, notwithstanding, the differences between the two schools may represent a false dichotomy. The "truth" of international relations may be postulated to exist at some midpoint between the opposing views. It is possible that the bipolar relationship between the United States and the Soviet Union establishes the overriding international context, while other nations, groups, and organizations

represent conditioning influences on the power balance in the international arena and on the actions and reactions of the two superpowers.

Perceptions of the power balance existing between the United States and the Soviet Union, and between the U.S. and the remaining world nations, individually and collectively, provide the general context within which American policymakers assess threats to security. Additionally, taken together with other factors--e.g., international and domestic events and conditions--these perceptions structure the development of the government's foreign and military policies, and, to a more limited degree, its domestic policies. The overall perception of the balance, in turn, is shaped by the perceived balances found in a variety of subordinate areas. These subordinate areas consist of both tangible and intangible factors and include, but are not limited to, considerations of strategic and theater nuclear weapons, conventional military forces, economic power, industrial capacity and potential, diplomatic strength, domestic vitality and cohesiveness, and public will. Within the overall structure of the international power balance, a perceived or actual disadvantage in one subordinate area may be partially or wholly offset by an advantage in another area or areas. Conversely, disadvantages in two or more areas may be negatively reinforcing, producing a more adverse net disadvantage.

B. DETERIORATION OF U.S. POWER

Directly related to considerations of the power balance is the apparent deterioration of the United States' position as the leading nation in world affairs. This condition has been evidenced by a weakening of U.S. influence as both a world leader and the leader of the Western bloc, as a consequence of a perceived erosion of American resolve and confidence, and by a perceived decline in the position of dominance once held by the United States in the areas of military strength, economic power, and diplomatic influence.

The decline of American prestige in the international forum since World War II--and particularly since the end of the Vietnam War--has not been a strictly zero-sum loss for the United States and a commensurate gain for the Soviet Union, as the nation's principal adversary. Instead, the diffusion of the traditional Cold War power bases, primarily as a consequence of the growing influence of Third and Fourth World nations[32] and multinational corporations, and, secondarily, by the reflection of this rising influence in existing international organizations, has resulted in a condition wherein U.S. losses are absorbed not only by the

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[32]A distinction is sometimes made between two economically different groups among the so-called less developed countries (LDCs)--the "developing" or Third World nations, many of which are semi-industrialized, and the "least developed" or Fourth World nations, consisting of the world's poorest nations. See Roger D. Hansen, Beyond the North-South Stalemate (New York: McGraw-Hill Book Co., 1979), p. 4.

Soviet Union, but also by other international actors. In the absence of other factors, the end result, however, as in the zero-sum situation, has been a decline in U.S. influence and a relative increase in that of the Soviet Union.

At the conclusion of World War II, the United States possessed the strongest military force in the world, having one of the largest standing armies and the largest navy, and being the only nation with atomic weapons. Its economy and national industrial plant were the world's strongest, having been spared the ravages of war, unlike those of either its European allies or its enemies--Germany, Italy, and Japan. And, its wartime ascendancy to a position of leadership among the Allies, occurring, in large measure, as a result of its military strength and economic vitality, was translated into a position of international leadership during the immediate postwar years. Over the nearly forty years since World War II, however, the American position of undisputed military and economic strength and international leadership has slowly diminished, resulting in a perceived shift in the overall balance of world power in favor of the Soviet Union.

Perhaps the most important and the most easily observable area of U.S. decline has been in the military balance between the United States and the Soviet Union. Three primary measures demonstrate this decline. First, the Soviet Union has achieved, at the least, a condition of rough parity in nuclear weapons. The virtual monopoly in

nuclear weapons enjoyed by the U.S. between July 1945, when it exploded the world's first atomic bomb, and August 1949, when the Soviet Union exploded its first fission device,[33] has been supplanted by the growth of Soviet nuclear strength. As Table 8 indicates, the Soviet Union now possesses more strategic nuclear-capable missiles and total nuclear delivery vehicles than does the United States, although the U.S. has slightly less than one thousand more intercontinental and submarine launched ballistic missile (ICBM and SLBM) warheads and in excess of three hundred more nuclear bombs. At the same time, the lack of a viable U.S. anti-ballistic missile (ABM) defense capability and Soviet improvements in warhead and guidance technology have resulted in recent American concern regarding the vulnerability of the U.S. ICBM forces.[34]

In terms of nonstrategic nuclear forces,[35] the United States has a slight edge in delivery systems, but lags behind the Soviet Union in total numbers of nuclear

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[33]Norman Polmar, Strategic Weapons: An Introduction, rev. ed. (New York: Crane Russak, 1982), p. 19.

[34]Report of the President's Commission on Strategic Forces, by Brent Scowcroft, Chairman (Washington, D.C.: Government Printing Office, 1983), pp. 4-12.

[35]Current usage distinguishes between two major groups of nuclear forces. Strategic nuclear forces are generally considered to include only intercontinental-range (over 3,000 nm [5,500 km]) weapons and delivery systems, while nonstrategic nuclear forces, formerly termed theater and tactical nuclear forces, include intermediate-range

	U.S.	RATIO	USSR	U.S. STANDING
OFFENSE				
-ICBMs				
-Launchers	1,052	1.00:1.33	1,398	-346
-Warheads	2,152	1.00:2.14	4,600	-2,448
-SLBMs				
-Submarines	36	1.00:2.33	84	-48
-Launchers	576	1.00:1.72	989	-413
-Warheads	5,072	3.11:1.00	1,630	+3,442
-Bombers				
-Aircraft [1]	376	1.75:1.00	215	+161
-Bombs	676	2.25:1.00	300	+376
-Totals				
-Delivery Systems	2,004	1.00:1.30	2,602	-598
-Weapons	7,900	1.21:1.00	6,530	+1,370
DEFENSE				
-ABM Launchers	0	---	32	-32
-SAM Launchers	0	---	10,000	-10,000
-Interceptors [2]	312	1.00:8.01	2,500	-2,188

Notes: [1] Includes heavy and medium strategic bombers.
[2] Includes active and reserve aircraft assigned to strategic air defense, but not 160 U.S. aircraft assigned a strategic air defense backup mission.

TABLE 8. U.S. AND USSR STRATEGIC FORCES, 1981

[Sources: The Military Balance 1981-1982 (London: International Institute for Strategic Studies, 1981), pp. 5, 10-11, and 104-107; U.S., Department of Defense, Soviet Military Power (Washington, D.C.: Government Printing Office, 1983), pp. 19-24; and Has America Become Number Two?: An Assessment of American Defenses and the U.S.-USSR Military Balance (Washington, D.C.: Committee on the Present Danger, 1982), pp. A-1 and A-2.]

warheads, as shown in Table 9. The deployment of U.S. long-range theater nuclear force (LRTNF) weapons to Western Europe, commencing in late 1983, will alter the distribution of the nonstrategic forces shown, but will not change the final balance. The deployment of these weapons, resulting from a 1979 North Atlantic Treaty Organization (NATO) decision, will raise the number of U.S. intermediate- and medium-range nuclear weapons (each with a single warhead) by 572, but reduce its total of short-range weapons by an equal number--108 Pershing II missiles, with a range of 1,100 miles (1,800 km), to replace 108 shorter range Pershing IA missiles, and 464 ground launched cruise missiles (GLCMs), with a range of 1,550 miles (2,500 km), to replace an equal number of older nuclear munitions.[36] Similarly, current U.S. nuclear force modernization programs, including the development of nuclear-capable sea launched and air launched cruise missiles (SLCMs and ALCMs) and their deployment during the mid-1980s, are intended to improve U.S. nuclear

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(1,500-3,000 nm [2,800-5,500 km]), medium-range (600-1,500 nm [1,100-2,800 km]), and short-range (under 600 nm) weapons and delivery platforms. See Polmar, p. 21; U.S., Department of Defense, Annual Report to the Congress, Fiscal Year 1984 (Washington, D.C.: Government Printing Office, 1983), pp. 56-57; and U.S., Joint Chiefs of Staff, United States Military Posture for FY 1984 (Washington, D.C.: Government Printing Office, 1983), pp. 13-20.

[36]Raymond L. Garthoff, "The NATO Decision on Theater Nuclear Forces," Political Science Quarterly 98 (Summer 1983):209.

	U.S.	RATIO	USSR	U.S. STANDING
INTERMEDIATE AND MEDIUM RANGE NUCLEAR WEAPONS				
-Missiles	0	---	880	-880
-Warheads	0	---	3,020	-3,020
TACTICAL NUCLEAR WEAPONS				
-Land-based Weapons				
-Missiles	1,400	1.32:1.00	1,057+	+343
-Warheads	1,400	1.32:1.00	1,057+	+343
-Sea-Launched Weapons				
-Missiles	0	---	688	-688
-Warheads	0	---	744	-744
-Air-Launched Weapons				
-Missiles	1,250	4.63:1.00	270+	+980
-Warheads	1,250	4.63:1.00	270+	+980
-Artillery				
-Artillery Pieces	1,604+	9.55:1.00	168+	+1,436
-Nuclear Rounds	2,125	---	n.a.	---

TABLE 9. U.S. AND USSR NONSTRATEGIC NUCLEAR FORCES, 1981

[Sources: The Military Balance 1981-1982 (London: International Institute for Strategic Studies, 1981), pp. 5, 11, and 104-107; John M. Collins, U.S.-Soviet Military Balance: Concepts and Capabilities 1960-1980 (New York: McGraw-Hill Publications Co., 1980), p. 483; and Richard Halloran, "Report to Congress Provides Figures for Nuclear Arsenal," New York Times, 15 November 1983, sec. K, p. 7.]

capabilities, while, at the same time, maintaining constant nuclear force levels.[37]

The second measure of the relative U.S. military decline is the imbalance that exists between U.S. and Soviet conventional forces. This imbalance may be seen in both the size of each country's armed forces and in the quantities of military equipment each possesses. Table 10 provides a summary of U.S. and Soviet military personnel levels for 1981, indicating that the Soviet armed forces were nearly twice the size of those of the U.S., and that the total number of defense-related personnel (including paramilitary forces, reserves, and civilian employees) in the Soviet Union was more than two and one-half times greater than the U.S. total. Further, as Tables 11, 12, and 13 reflect for 1981, although the United States enjoyed a numerical advantage in the equipment categories of naval reserve ships; navy tactical, anti-submarine warfare (ASW), early warning (EW), and reconnaissance aircraft; anti-tank weapons, including anti-tank guided missile launchers (ATGMs); support aircraft; and helicopters, it was numerically inferior to the Soviet Union in all other military equipment categories.

The development of substantive conclusions concerning the U.S.-Soviet nuclear and conventional balances on the basis of the type of tabular data presented above, however,

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[37]U.S., Joint Chiefs of Staff, United States Military Posture for FY 1984, p. 42.

	U.S.	RATIO	USSR
Armed Forces			
--Army	775	1:2.35	1,825
--Navy	528	1.19:1	443
--Marines	188	15.67:1	12
--Air Force	558	1:2.54	1,415 [1]
Total Armed Forces	2,049	1:1.80	3,695
Paramilitary, Frontier and Internal Security	45 [2]	1:12.44	560 [3]
Reserves	891 [4]	1:5.61	5,000 [5]
Civilian Employees	940	1.28:1	732
Total Personnel	3,925	1:2,54	9,987

Notes:
[1] Including Strategic Rocket Force (SRF) and Air Defense Force (PVO-Strany) personnel.
[2] U.S. Coast Guard personnel.
[3] Including 300,000 KGB border guards and 260,000 MVD security troops.
[4] Including 11,600 Coast Guard reserves.
[5] Reserve obligation for Soviet conscripts extends to age 50. Figure shown is for conscripts incurring reserve obligation during preceding five years.

TABLE 10. U.S. AND USSR MILITARY PERSONNEL, 1981 (in thousands)

[Sources: The Military Balance 1981-1982 (London, England: International Institute for Strategic Studies, 1981), pp. 6-14; and Has America Become Number Two?: An Assessment of American Defenses and the U.S.-USSR Military Balance (Washington, D.C.: Committee on the Present Danger, 1982), p. 43A.]

	U.S.	RATIO	USSR
Ships and Craft			
--Submarines			
--Ballistic Missile	36	1:2,33	84
--Attack	84	1:3.08	259
--Surface Combatants	201	1:1.46	294
--Mine Warfare	4	1:88.00	352
--Amphibious Warfare	158 [1]	1:1.07	169 [2]
--Patrol Combatants	4	1:120.5	482
--Auxiliaries	78	1:3.31	258 [3]
--Reserves	306 [4]	1.91:1	160 [5]
Total Ships and Craft	871	1:2.36	2,058
Aircraft			
--Tactical	798	1.72:1	465
--ASW/EW/RECCE	489	2.57:1	190
--Support [6]	253	1:1.54	390-
--Helicopters	170+	1:1.44	245+
Total Aircraft	1,710	1.33:1	1,290

Notes:
[1] Includes 67 ships and 91 craft (LCUs).
[2] Includes 84 ships and 85 craft (35 LCUs and 50 hovercraft).
[3] Including 58 intelligence collections ships. Auxiliary force can be augmented by 2,475 civilian sealift ships.
[4] Including 46 active and 98 inactive naval reserve ships and 162 cargo vessels.
[5] Includes 115 submarines, 25 major surface combatants, and 20 minesweepers.
[6] Includes transport, in-flight refueling, utility, and training aircraft.

TABLE 11. U.S. AND USSR NAVAL FORCES, 1981

[Source: The Military Balance 1981-1982 (London, England: International Institute for Strategic Studies, 1981), pp. 5, 7-8, 10, and 12-13.]

	U.S. [1]	RATIO	USSR [2]
Tanks	11,975	1:3.76	45,000
Armored Combat Vehicles	20,985	1:2.95	62,000
ATGM Launchers/Anti-Tank Weapons	16,600	1.61:1	10,287+
Artillery/Multiple Rocket Launchers	14,380	1:2.08	29,900
SAM Launchers/Anti-Aircraft Artillery	3,800	1:5.20	19,750
Aircraft			
--Tactical	345	1:7.25	2,500
--Helicopters	8,368	---	(n.a.)
--Other	729	---	(n.a.)

Notes: [1] Includes U.S. Army and Marine Corps.
[2] Includes Soviet Army, Naval Infantry, and Air Defense Force (PVO-Strany).

TABLE 12. U.S. AND USSR CONVENTIONAL GROUND FORCES, 1981

[Source: The Military Balance 1981-1982 (London, England: International Institute for Strategic Studies, 1981), pp. 6, 8, and 11-13.]

	U.S.	RATIO	USSR
Long- and Medium-Range Bombers	412	1:1.58	650
Tactical	4,442	1:1.65	7,315
EW/RECCE/AWACS/ASW	1,121	1:1.07	1,199
Support	3,563	1.24:1	2,865
Helicopters	9,176	2.06:1	4,445

TABLE 13. U.S. AND USSR MILITARY AIRCRAFT, 1981 (All Services, Including Reserves)

[Source: The Military Balance 1981-1982 (London, England: International Institute for Strategic Studies, 1981), pp. 5-14.]

is very problematic. In the first place, given that the numbers of Soviet nuclear warheads, delivery vehicles, and conventional weapons are not explicityly known, the figures must be derived from available information, often resulting in considerable variation among the estimates of the nuclear and conventional balances provided by diverse government agencies and private institutions and individuals. Second, because the information is not readily available, such estimates generally include scant data relating to weapons reload capabilities and the quantities of stockpiled weapons. Third, even if exact numbers were reliably known, they would not necessarily provide a clear view of the balances, in as much as numerical balance statistics do not capture such factors as comparative technological capabilities and employment philosophies, which are normally addressed as caveats to the estimates in an effort to demonstrate that the numerically disadvantageous position of the U.S. is offset by its more effective style of command and control, and by its technological advantage relative to the Soviet Union.[38]

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[38]For detailed discussions of the impact of technology and employment philosophies on military doctrine, the military balance, and balance stability, see Thomas A. Brown, "Number Mysticism, Rationality and the Strategic Balance," Orbis 21 (Fall 1977):493-496; Philip S. Kronenberg, "National Security Planning: Images and Issues," in Planning U.S. Security: Defense Policy in the Eighties, ed. Philip S. Kronenberg (New York: Pergamon Press, 1982), pp. 105-106; and William J. Perry, "Technological Prospects," in Rethinking the U.S. Strategic Posture, ed. Barry M. Blechman (Cambridge, Ma.: Ballinger Publishing Co., 1982), pp. 129-153.

And, fourth, unless tabulations of U.S. and Soviet force levels and total numbers of nuclear and conventional weapons integrate the forces and weapons of each superpower's allies and address the geographic distribution of forces, regional balances existing between the superpowers may be overlooked or distorted.

What may be gained from numerical analyses, however, is a sense of the changes in the balances over time. The overall trend of these changes has favored the Soviet Union. In this regard, during 1982, the Aspen Consortium on Arms Control and Security Issues of the Aspen Institute for Humanistic Studies noted that, over the past twenty years,

> . . . increases in Soviet military forces have altered U.S. perceptions of appropriate strategic policies. The buildup of Soviet capabilities has included substantial improvement in conventional forces . . . [and] there has been a sustained accumulation and modernization of Soviet nuclear forces. . . .
>
> . . . In a number of measures of strategic capabilities, the lead has passed from American to Soviet hands. . . . Whether one feels that the Soviets have achieved superiority or parity, the strategic balance is clearly less favorable from an American perspective than it once was.[39]

The final measure of the military imbalance between the United States and the Soviet Union involves annual defense expenditures and the production of military equipment. Western estimates place Soviet defense spending at between

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[39]Barry M. Blechman, ed., Rethinking the U.S. Strategic Posture (Cambridge, Ma.: Ballinger Publishing Co., 1982), pp. 249-250.

12 and 15 percent of the Soviet gross national product, and the increase in Soviet defense outlays, for the past twenty years, at approximately four percent real annual growth. American defense expenditures, in contrast, amount to about six percent of GNP[40] and have exhibited an average of less than three percent real annual growth over the past decade.[41] When the lower Soviet manpower costs and the relative size of the Soviet GNP (roughly half that of the U.S.) are taken into account, these figures translate into a Soviet investment in defense, during the last ten years, that has been approximately 80 percent higher than that of the United States.[42]

Similarly, with regard to existing and potential defense industrial base capacity and the production of military equipment, the United States has been surpassed by the Soviet Union. While the American defense industrial base has experienced significant deterioration, reflected in aging industrial plant equipment, shortages of skilled manpower, lagging productivity growth, negligible production surge capability, and decreased investment in defense industries, in general, the Soviet Union's military industrial

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[40]Jacques S. Gansler, "We Can Afford Security," Foreign Policy 51 (Summer 1983):68-69.

[41]Economic Report of the President, pp. 246-247.

[42]Gansler, "We Can Afford Security," p. 68.

base has grown steadily since the late 1950s.[43] Consisting of more than 150 major plants and supported by numerous feeder plants, the Soviet production base in now acknowledged to be the largest in the world. This growth in Soviet defense industrial capacity has, additionally, been accompanied by a large research and development (R&D) effort, the outlays for which have been estimated to be approximately 70 percent greater, during the past decade, than U.S. R&D expenditures.[44]

The expanded Soviet industrial base and large defense procurement and R&D outlays have provided the means for increased military hardware production levels to support the recent program of expanding and improving the operational capabilities of the Soviet armed forces. A comparison of U.S. and Soviet military production rates, for the period 1972 through 1974, is provided in Table 14. The data indicates that, in all major military equipment categories, except helicopters, the Soviet production rate was higher than that of the U.S. Similar production statistics, for the period 1978 through 1982, reflect a continuation of this

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[43]Ibid. See also, U.S., Congress, House, Committee on Armed Services, Defense Industrial Base Panel, The Ailing Defense Industrial Base: Unready for Crisis, Committee Print 29 (Washington, D.C.: Government Printing Office, 1980), pp. 11-17.

[44]U.S., Department of Defense, Soviet Military Power, 2nd ed. (Washington, D.C.: Government Printing Office, 1983), pp. 73-74.

trend in all categories except major naval combatants, where Soviet production fell to an average of ten units a year.[45]

EQUIPMENT CATEGORY	U.S. UNITS PER YEAR	RATIO	USSR UNITS PER YEAR
Ships (major combatants)	11	1.0:3.6	39
Tanks (all types)	462	1.0:6.5	3,000
Tactical Aircraft	540	1.0:1.7	930
Helicopters	920	1.3:1.0	710
Artillery (ground support)	170	1.0:7.1	1,200
Submarines (attack and ballistic missile)	3	1.0:3.7	11

TABLE 14. U.S. AND USSR AVERAGE ANNUAL MILITARY EQUIPMENT PRODUCTION RATES, 1972-1974

[Source: Jacques S. Gansler, The Defense Industry (Cambridge, Ma.: MIT Press, 1980), p. 25.]

The second major indicator of the deterioration of the position of the United States within the international arena is the decline of American economic vitality. This condition is evidenced by declining industrial productivity, a reduction in the proportion of both domestic and foreign markets held by U.S. industries, and financial difficulties in a number of key industries, some of which, such as the auto, steel, merchant marine, and shipbuilding industries, are critical to national defense.[46]

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[45] Ibid., pp. 78-80.

[46] Margaret E. Dewar, ed., Industry Vitalization: Toward a National Industrial Policy, with a Foreword by Harlan Cleveland (New York: Pergamon Press, 1982), p. xi.

Industrial productivity provides one measure of economic vitality. This measure tends to be cyclical, however, reflecting changes in economic conditions and fluctuations in market demand. That is, productivity tends to increase in response to a growing demand for the goods produced and during periods of vigorous economic conditions, reflecting both changes in spending patterns and increased investment in industrial capital stocks. Conversely, productivity tends to decrease with decreased demand and reductions in industrial investment. For example, as Figure 3 illustrates, U.S. production indexes have fluctuated considerably since World War II. It may be noted from this graph, first, that the index for total industrial production and its three included indexes--materials, intermediate products, and final products--increased throughout the thirty-five year period. Second, the indexes for materials, final products, and total industrial production followed the same general pattern, reflecting a declining positive growth rate in the aftermath of World War II and the Korean War, a dramatic increase during the mid-1960s, a sharp decline during the late-1960s, a moderate increase during the mid-1970s, and a moderate decline to the present. Third, the index for intermediate products matched the other indexes through the 1962-1966 period, but has had a consistently declining positive growth rate since that time. And, finally, all four production indexes have had a declining positive growth rate

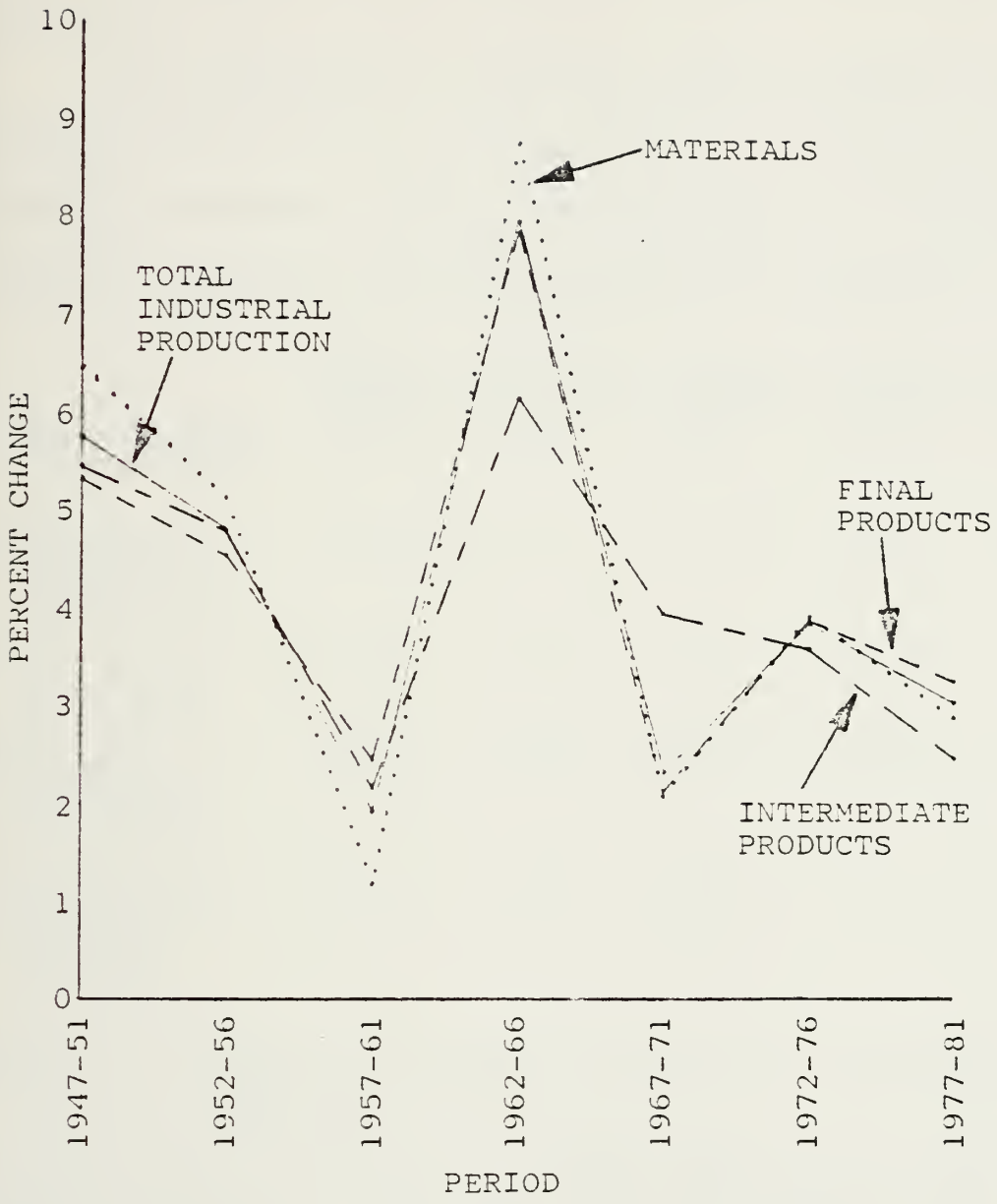

FIGURE 3. AVERAGE RATES OF CHANGE IN U.S. PRODUCTION INDEXES, 1947-1981

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), p. 211.]

during the past five years, indicating a slowing in industrial productivity, and, therefore, a decline in economic vitality.

As noted above, two of the primary factors contributing to productivity are investments in industry--nonresidential investment, principally investments in producers' durable equipment, but also including investments in

	1962-66	1967-71	1972-76	1977-81	1962-81
Gross National Product (GNP)	+5.42	+2.66	+3.00	+2.99	+3.52
Gross Private Domestic Investment	+9.48	+1.52	+2.39	+4.59	+4.50
Nonresidential Investment	+10.21	+0.83	+2.68	+6.63	+5.09
Investment in Business Structures	+7.67	-0.23	-1.31	+5.59	+2.93
Investment in Producers' Durable Equipment	+12.12	+1.52	+4.94	+7.16	+6.44

TABLE 15. AVERAGE REAL GROWTH IN DOMESTIC INVESTMENT, 1962-1981

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), p. 164.]

business structures--and market demand for the output of industry. As shown in Table 15, during the period from 1962 through 1981, nonresidential investments grew at an average

real rate of slightly more than five percent. Subsequent to a sharp decline following the 1961-1966 period, the average rate of growth in nonresidential investments has increased to the present (despite real annual declines from 1978 through 1980, from +12.8 to -2.2 percent). Similarly, investments in producers' durable equipment, which averaged slightly less than 44 percent of gross private domestic investment and 64 percent of nonresidential investment over the twenty-year period,[47] have increased consistently from the 1967-1971 period, onward. Investments in business structures, however, declined from the 1962-1966 through the 1972-1976 period, before demonstrating a relatively strong average real growth rate to the present. Additionally, the percentage of gross private domestic investment made up by nonresidential investments has shown a long-term increase--from approximately 62.7 percent, on the average, for the 1962-1966 period, to slightly more than 72 percent for the 1977-1981 period.[48] Strictly on the basis of investment, then, an increase in industrial productivity would be expected--during the last five-year period, as a minimum. As previously discussed and as illustrated in Figure 3, however, the opposite trend has actually occurred, suggesting that market demand had a greater effect than investments.

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[47] Economic Report of the President, p. 164.

[48] Ibid.

The influence of market demand on industrial productivity is reflected directly in the volume of product sales and indirectly in business profits. That is, when demand increases, industry responds by increasing productivity to provide more goods for sale. Similarly, higher sales volumes translate, potentially, to higher profits, although the level of profits will depend upon both income (sales) and outlays (expenses and investments), taking the effects of inflation into account. From Table 16, it may be seen that the patterns of the real growth rates of domestic sales and corporate profits (except profits within the financial industry category), from 1962 through 1981, parallel those of the industrial productivity indexes shown in Figure 3. Of particular interest is the manufacturing industry category, which displayed a negative real growth of -0.02 percent in sales during the 1967-1971 period, a declining growth of +2.71 percent during the most recent five-year period, and negative real growth rates in profits during the 1967-1971 and 1977-1981 periods (-6.57 and -2.74 percent, respectively). The figures provided suggest a short-term slow-down in productivity during the last five years and point, again, to declining economic vitality.

An indication of the economic strength and vitality of the United States, relative to other nations, may be achieved by comparing economic growth rates, measured by changes in gross national products, and rates of growth in

	1962-66	1967-71	1972-76	1977-81	1962-81
SALES:					
Total Manufacturing and Trade	+5.19	+1.27	+5.20	+3.08	+3.69
Manufacturing	+5.57	-0.02	+5.28	+2.71	+3.38
Wholesale Trade	+5.06	+4.39	+7.56	+5.52	+5.63
Retail Trade	+4.63	+1.43	+3.34	+1.39	+2.70
CORPORATE PROFITS:					
All Domestic Industries	+8.20	-4.07	+7.08	-1.39	+2.46
Financial Industry	+2.09	+5.86	-0.33	+0.37	+2.00
Non-Financial Industries*	+9.18	-5.56	+9.15	-1.36	+2.85
Manufacturing	+10.31	-6.57	+9.51	-2.74	+2.63
Transportation and Public Utilities	+6.40	-9.99	+9.03	-0.97	+1.12
Wholesale and Retail Trade	+8.70	+3.27	+9.17	+1.28	+5.61
Other	+9.18	-3.35	+10.54	+2.48	+4.71

* Includes manufacturing, transportation and public utilities, wholesale and retail trade, and other industries.

TABLE 16. AVERAGE REAL GROWTH IN DOMESTIC SALES AND CORPORATE PROFITS, 1962-1981

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), pp. 218 and 258.]

industrial productivity, measured by changes in industrial production indexes, for individual nations or groups of nations. Table 17 provides a comparison summary of the growth

	1960-73	1974-81	1978	1979	1980	1981	1960-81
United States	4.1	2.7	4.8	3.2	-0.2	2.0	3.59
Japan	10.4	4.4	5.1	5.6	4.2	2.9	8.23
Canada	5.6	2.6	3.7	3.0	0.0	3.0	4.51
France	5.8	2.5	3.7	3.5	1.6	0.3	4.60
Italy	5.2	2.1	2.7	4.9	4.0	-0.2	4.07
United Kingdom	3.1	0.9	3.3	1.4	-1.7	-0.8	2.30
West Germany	4.7	2.2	3.6	4.3	1.8	-0.3	3.79
Average of six (excludes U.S.)	5.8	2.5	3.7	3.8	1.7	0.8	4.58
U.S. Rank	6th	2nd	2nd	5th	6th	3rd	6th
Developed Countries	5.1	2.7	4.1	3.5	1.2	1.4	4.23
Developing Countries	5.8	4.4	4.3	4.1	4.5	2.7	5.29
Communist Countries	5.2	2.7	4.2	1.6	1.9	1.2	4.29
Soviet Union	5.2	2.3	3.4	0.8	1.5	1.8	4.15
World Total	5.2	2.9	3.8	2.8	1.8	1.8	4.36

TABLE 17. GROWTH RATES IN REAL GROSS NATIONAL PRODUCT, 1960-1981

[Source: U.S., President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), p. 285.]

rates in real GNP, during the twenty-two years from 1960 through 1981, for the U.S., six industrialized nations of the Organization for Economic Cooperation and Development

(OECD), the Soviet Union, and four aggregate nation groups (developed countries, including OECD countries, South Africa, and non-OECD Europe; developing countries, including fourteen oil exporting nations, among others; communist countries; and the world community). It may be seen that the average U.S. GNP growth rate exceeded that of its six OECD partners and the Soviet Union only during the 1974-1981 period--and then by only two-tenths and four-tenths of one percent, respectively. During the 1960-1973 period and over the entire twenty-two years, U.S. economic growth occurred at a slower rate than that of all other listed nations and nation groups, with the single exception of the United Kingdom. Additionally, it is noteworthy that throughout the entire period, and particularly in 1978 and 1981, when U.S. GNP growth was somewhat more rapid, the economic growth of the United States consistently lagged behind that of Japan.

Included in calculations of GNP growth rates, but equally important by itself in comparing the economic vitalities of individual nations, is industrial productivity growth. Table 18 compares the average U.S. industrial production index and the growth in U.S. industrial productivity, from 1962 through 1981, with the average indexes and growth rates of the six OECD members previously employed. It must be noted that the industrial production indexes are not strictly comparable between countries, being a representation of each nation's industrial output scaled to a base

year (in this instance, 1967). Changes in the production indexes are comparable, however, in as much as variations in

	1962-66	1967-71	1972-76	1977-81	1962-81
INDEX [1967=100]					
United States	83.6	107.0	125.4	147.0	115.8
Japan	69.3	131.2	177.3	216.1	148.5
Canada	83.1	111.4	142.7	161.9	124.8
France	89.0	113.2	143.2	157.4	130.7
Italy	81.1	110.4	133.8	156.0	120.3
United Kingdom	93.1	107.7	117.6	124.9	110.8
West Germany	95.3	119.4	143.5	158.0	129.1
Average of six (excludes U.S.)	85.2	115.6	143.0	162.4	126.6
GROWTH RATE					
United States	7.97	2.35	3.83	3.02	4.29
Japan	10.43	13.34	3.60	5.66	8.26
Canada	7.96	4.80	4.25	2.44	4.87
France	6.09	5.52	3.21	1.08	3.98
Italy	7.41	4.75	4.36	2.59	4.78
United Kingdom	3.34	2.23	1.31	0.34	1.80
West Germany	4.49	5.49	2.36	1.33	3.42
Average of six (excludes U.S.)	6.62	6.02	3.18	2.24	4.52
U.S. Rank	2nd	6th	3rd	2nd	4th

TABLE 18. AVERAGE INDUSTRIAL PRODUCTION INDEXES AND GROWTH OF INDUSTRIAL PRODUCTION, 1962-1981

[Source: U.S. President, Economic Report of the President (Washington, D.C.: Government Printing Office, 1983), p. 286.]

the sizes of the industrial bases and in the volumes of the industrial outputs for the countries are discounted. By examining the productivity growth and changes in the rates of

growth, a representative comparison of the industrial vitalities of the individual nations may be achieved.

From the data presented, it may be observed that the average growth in U.S. productivity exceeded that of the United Kingdom throughout the twenty-year period. It exceeded that of France and West Germany during three of the four five-year subperiods (1962-1966, 1972-1976, and 1977-1981), Canada and Italy during two subperiods (1962-1966 and 1977-1981), and Japan during only one subperiod (1972-1976). Additionally, a real decline of some 5.6 percent occurred in average U.S. productivity growth between the first and second five-year subperiods, compared with an average 0.6 percent decline for the six OECD nations. Between the second and third subperiods, the U.S. had a real improvement of nearly 1.5 percent, while the six OECD nations declined by slightly more than 2.8 percent, on the average--perhaps indicating the greater influence on these nations of the 1973 Organization of Oil Exporting Countries (OPEC) oil embargo and the deterioration of world economic conditions. Finally, U.S. productivity exhibited a real decline of roughly 0.8 percent between the third and fourth subperiods, compared with an average decline of slightly more than 0.9 percent for the OECD nations.

The deterioration of the United States' post-World War II international economic position may also be seen in the trends evidenced in the balance between its exports and

imports, and by changes in the nature of its exports and imports. Graph A of Figure 4 displays U.S. exports and imports as proportions of total U.S. foreign trade, and Graph B illustrates the rates of growth of exports and imports from 1962 through 1981. From Graph A, it may be seen that the proportional share of exports declined by more than ten percent over the period (from nearly 57 percent to slightly more than 46 percent), while that of imports increased by an equal amount (from slightly more than 43 to nearly 54 percent). Graph B indicates that while both exports and imports had positive average rates of growth from 1962 through 1981, reflecting a long-term increase in the monetary values of exports and imports, and, thus, in total foreign trade, the average growth rate of imports exceeded that of exports throughout the period. Taken together, these conditions, suggest that the United States is becoming increasingly more import dependent.

An examination of the composition of U.S. exports and imports, for the period 1965 through 1981, reveals, first, that, on the basis of monetary value, exports consisted, on the average, of roughly 20 percent agricultural products, 33 percent capital goods, and 47 percent other goods, and that the proportional breakdown remained relatively stable throughout the period, varying less than five percent (plus or minus), annually, from these averages. And, second, the composition of U.S. imports changed during

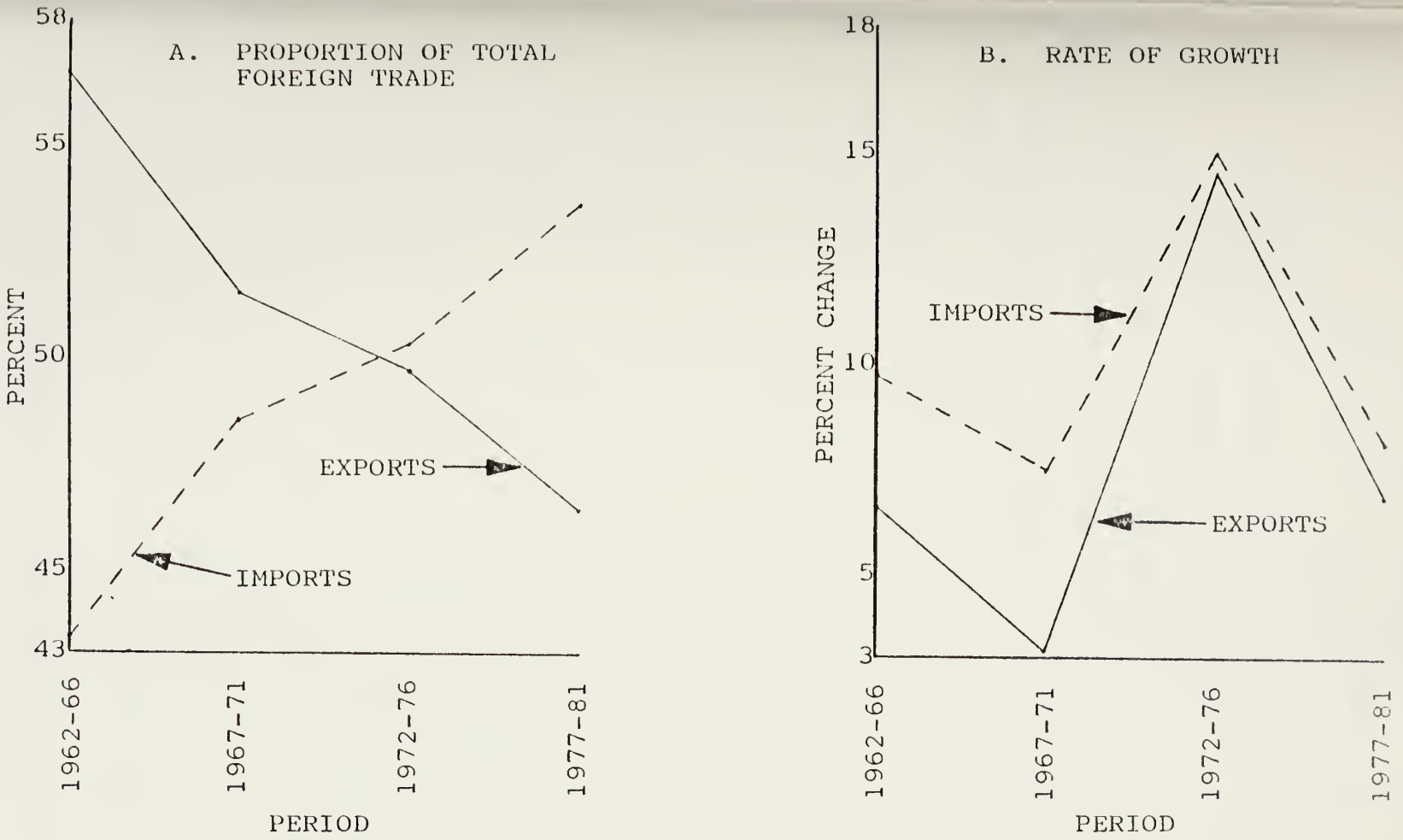

FIGURE 4. U.S. EXPORTS AND IMPORTS AS PROPORTION OF TOTAL FOREIGN TRADE AND RATES OF GROWTH OF EXPORTS AND IMPORTS, 1962-1981

[Source: U.S., Department of Commerce, Bureau of the Census, Statistical Abstract of the United States (Washington, D.C.: Government Printing Office), various annual editions between 1963 and 1983.]

the period. The most pronounced change occurred in the area of petroleum imports, which demonstrated more than a three-fold increase, from an average of less than nine percent at the beginning of the period to more than 28 percent at the end. Imports of industrial supplies and materials decreased by nearly half, from approximately 41 to 23 percent. Imports of other goods remained relatively stable, however, varying less than ten percent (plus or minus) from a period average of 53 percent.[49]

U.S. patterns of trade have also changed during the last decade, with the changes, again, being more pronounced in the area of import relations. As Figure 5 illustrates, based on monetary value, approximately half of all U.S. exports, during the period 1971 through 1982, went to other industrialized nations, and half of its imports came from them. Exports to non-oil exporting developing countries and to the Soviet Union and Eastern European countries have remained relatively stable, as shown in Graph A, with the former increasing from roughly 25 percent to 30 percent of total exports, while the latter varied between one and three percent of the total. Marked changes occurred, however, in exports to oil exporting developing countries and exports classified as other and special categories. U.S. exports to oil exporting countries rose from 5.3 percent of the total,

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[49] Economic Report of the President, p. 278.

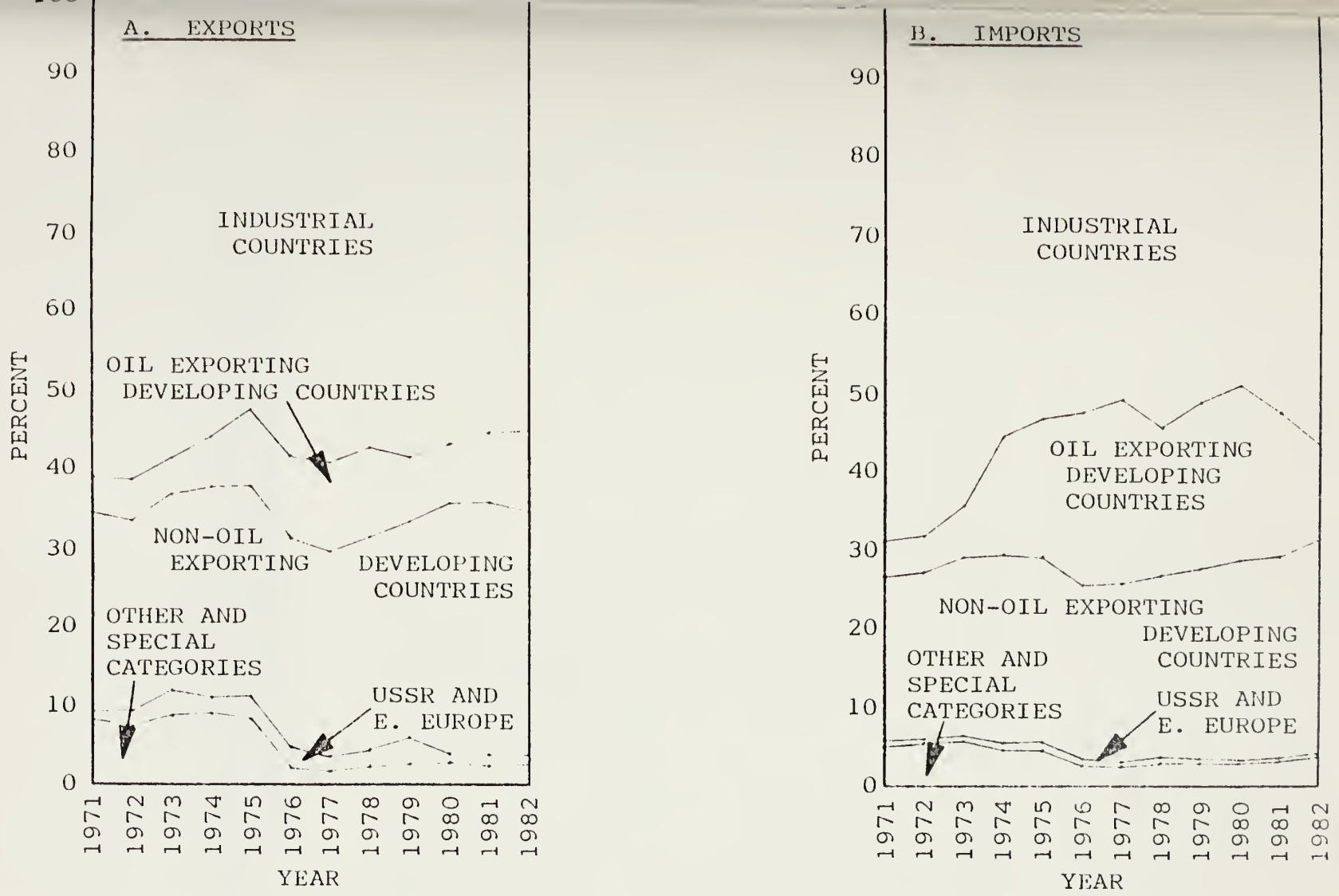

FIGURE 5. PERCENTAGES OF U.S. EXPORTS TO AND IMPORTS FROM VARIOUS CATEGORIES OF NATIONS, 1971-1982

[Sources: Direction of Trade Statistics Annual 1971-77 (Washington, D.C.: International Monetary Fund, 1977), pp. 267-268 and 303; and Direction of Trade Statistics Yearbook 1983 (Washington, D.C.: International Monetary Fund, 1983), pp. 397-399.]

between 1971 and 1974, to 10.6 percent for the period 1975 through 1978. Between 1979 and 1981, the proportion dropped to 8.2 percent, and then rose again to 10.4 percent in 1982. Exports within the other and special categories decreased by nearly 75 percent from an average of 8.3 percent, during the first five years of the period, to 2.2 percent, during the last seven years.[50]

Similar proportional increases and decreases in the patterns of trade were evidenced in U.S. imports, as shown in Graph B of Figure 5. Imports from the Soviet Union and Eastern Europe remained stable, accounting for less than one percent of the total. A moderate increase occurred, over the period, in imports from non-oil exporting developing countries (from approximately 21 to 27 percent), and imports within the other and special categories decreased (from 4.9 to 3 percent). As was the case with exports, imports from oil exporting developing countries increased sharply, from an average of 5.1 percent, for the period 1971 through 1973, to 19.8 percent, for 1974 through 1981, and then decreased to 12.3 percent in 1982.[51]

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[50] Direction of Trade Statistics Annual 1971-77 (Washington, D.C.: International Monetary Fund, 1977), pp. 267-268 and 303; Direction of Trade Statistics Yearbook 1983 (Washington, D.C.: International Monetary Fund, 1983), pp. 397-399.

[51] Ibid.

Although the total value of U.S. exports, in constant dollars, actually declined in 1977, and total value of exports and imports decline in 1975, 1981, and 1982, the total monetary value of both exports and imports generally increased (i.e., the average constant dollar value for the last five years of the period exceeded that of the first five years) during the 1971 through 1982 period--a 165.3 percent increase in the former and an increase of 187.8 percent in the latter. Considerable variation occurred, however, within the trade sectors based on trading partners. Trade with other industrialized nations was approximately balanced, with exports exhibiting an increase of 163.8 percent and imports a 162.2 percent increase. A moderate increase of 142.3 percent in exports and 120.6 percent in imports occurred in trade with the Soviet Union and the Eastern European nations. Trade within the other and special categories was the only area that evidenced a decline. In these categories, exports during the last five years of the period were only 45.5 percent of those of the first five years. Imports, however, increased by 121.3 percent. The most significant increases occurred in trade with developing countries. U.S. exports to non-oil exporting countries increased by 193.2 percent and imports from them by 205.2 percent. And, exports to the oil exporting countries increased by 228.5 percent, while imports from them increased by

332.1 percent.[52] It must be noted, however, that the more than threefold increase in the value of U.S. imports from the oil exporting nations resulted, in large measure, not from an increase in the volume of petroleum imports, but from increases in world crude oil prices as a consequence of an OPEC-orchestrated price increase of some 350 percent (from $2.59 to $11.65 per barrel) in early 1974, and a second OPEC price increase of nearly 175 percent (to $32 per barrel in late 1980.[53]

Several conclusions are suggested by the data presented above. First, on the basis of the costant dollar value of its exports and imports, with the exception of 1975, the United States has been a net importer nation since 1971 (i.e., the annual value of imports has exceeded the value of exports, resulting in an international trade deficit for the nation). For the period from 1971 through 1974, the trade deficit averaged nearly $6 billion annually in constant 1972 dollars,[54] and the average annual deficit from 1976 through 1982 was over $22 billion.[55]

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[52]Ibid.

[53]Ezra Solomon, Beyond the Turning Point: The U.S. Economy in the 1980s (San Francisco: W. H. Freeman & Co., 1982), pp. 75-82.

[54]Dirction of Trade Statistics Annual 1971-77, pp. 267-268 and 303.

[55]Direction of Trade Statistics Yearbook 1983, pp. 397-399.

Second, compared with other major developed nations, the United State's balance of trade position has deteriorated. During the 1960s and early 1970s, U.S. trade surpluses were generally larger than those of its primary OECD partners (Japan, Canada, France, Italy, the United Kingdom, and West Germany) and the Soviet Union. Since the mid-1970s, however, the relative positions have been reversed, with the United States running larger annual trade deficits than the other major industrialized nations.[56]

And, finally, although increases in the price of crude oil in 1974 and 1980 effected both the total monetary value of U.S. foreign trade and the proportional share of imports from oil exporting developing countries, they did not significantly alter the post-1971 U.S. status as a net importer nation. When trade with the oil exporting nations is excluded from the totals, the net importer status is changed in only two years--1974 (from an $8.2 billion trade deficit to a $194 million surplus) and 1980 (from a deficit of $20.3 billion to a surplus of $2.2 billion).[57] Although this suggests that the U.S. was vulnerable to the oil price increases that occurred in those years, it also indicates that other factors may have had a more significant

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[56] Economic Report of the President, p. 283.

[57] Direction of Trade Statistics Annual 1971-77, pp. 267-268 and 303; and Direction of Trade Statistics Yearbook 1983, pp. 397-399.

impact in producing the net importer status. One possible explanation is that an alteration occurred in the structural composition of the remaining U.S. exports and imports. This proposition appears to be supported by the available information. For example, increased energy costs, resulting primarily from crude oil price increases, and the costs associated with compliance with environmental protection regulations enacted by the government translate directly into increased operating costs for domestic industries, and, consequently, into lower corporate profits. This, combined with diverse other factors, is reflected, in turn, in reduced domestic industrial productivity, a modification in the nature of industrial output in favor of those industries having a comparative advantage in the international market place (i.e., away from heavy industry and toward agriculture and knowledge- and technology-intensive industries, such as the computer, chemical, and armaments industries), and an overall decline in requirements for the material factors of production, seen as a decline in imports of industrial supplies and materials. At the same time, however, with the reduction and modification of domestic industrial production, the resultant shortfall in fulfilling certain domestic consumer demands must be offset through imports.[58] The end result,

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[58]Lawrence R. Klein, "International Aspects of Industrial Policy," in Toward a New U.S. Industrial Policy?, eds. Michael L. Wachter and Susan M. Wachter (Philadelphia: University of Pennsylvania Press, 1983), pp. 365-373.

then, is a net increase in imports over exports-- that is, a trade deficit.

The final major indicator to be considered with regard to the alteration of the United States' international position during the post-World War II era involves the erosion of its leadership role. The deterioration of the U.S. position as the predominant nation in world affairs has been a gradual, protracted, and, as yet, uncompleted process. A multiplicity of causes have contributed to the process, and both international and domestic factors have influenced its scope and pace.

In the aftermath of World War II, the United States assumed the role of world leader, particularly within the non-communist world, where its dominance

> . . . rested firmly on American military and economic power, but even more so on the diplomatic and ideological preeminence the United States enjoyed in the years after 1945.[59]

World War II left in its wake a physically, economically, and emotionally devastated world. With the exception of the United States, the populations, urban centers, industrial plants, and economies of the principal belligerents had been seriously disrupted or destroyed, leaving the U.S. as the only major nation still possessing what could be termed "normal" industrial and economic capabilities. The basis

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[59]Richard Falk, "Lifting the Curse of Bipartisanship," World Policy Journal 1 (Fall 1983):128.

for the emergence of the United States as the leading nation in the postwar world, then, was this economic power, supported by the strength of existing U.S. military forces, while positive direction was provided in the form of basic American democratic ideals.

World War II has been regarded, in some respects, as an ideological crusade. This was particularly true in Europe, where the war was perceived as a "struggle between the new 'dynamic' nations and the 'static' nations"[60] of the continent--that is, between fascism and liberal democracy.[61] When the United States entered the war, it brought with it a set of principles and goals that generally coincided with those of its Western European allies, and which served to establish not only the ideological tenor of the war itself, but also the manner in which the postwar world would be rebuilt. First articulated publicly by President Franklin D. Roosevelt in his annual message to the Congress (the famous "Four Freedoms" speech) on January 6, 1941, and later included in the Atlantic Charter, signed by President Roosevelt and Prime Minister Winston Churchill of Great Britain

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[60]Leonard Mosley, Dulles: A Biography of Eleanor, Allen, and John Foster Dulles and Their Family Network (New York: Dial Press, 1978), p. 90. See also, Sumner Welles, The Time for Decision (New York: Harper & Bros., 1944).

[61]Disfavor directed toward communism (Marxism-Leninism), initially included with fascism in the conflict dynamic, was sublimated following the German invasion of the Soviet Union in June 1941 and the Soviet entry into the war on the Allied side, only to reemerge again after the war.

on August 14, 1941,[62] they encompassed national commitments to: (1) refrain from executing any policies that would result in territorial or other aggrandizement; (2) respect and insure the rights of conquered peoples to determine their own forms of government free from external influence (i.e., the concept of self-determination and the policy of non-interference); (3) endeavor, through international cooperation, to further free trade and access to raw materials, and to promote economic prosperity, "with the object of securing, for all, improved labor standards, economic advancement and social security"[63] (i.e., freedom from want); (4) ensure freedom of the high seas; and (5) secure and maintain a lasting peace by preventing aggression, following the war, through worldwide reductions in armaments and "the establishment of a wider and permanent system of general security"[64] (i.e., freedom from fear).[65] There concepts and commitments were incorporated into the proceedings of subsequent Allied conferences (Casablanca, Moscow, Cairo, Teheran, and Yalta),

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[62]Concluded at a time when the U.S. was technically a "non-belligerent" in the war, the Atlantic Charter constituted a statement of common war and peace aims. See John T. Flynn, The Roosevelt Myth (New York: Devin-Adair Co., 1948), pp. 298-303.

[63]Henry Steele Commager, ed. Documents of American History, 8th ed. (New York: Appleton-Century-Crofts, 1968), p. 451.

[64]Ibid.

[65]Ibid., pp. 446-449 and 451.

becoming the cornerstone for Allied decisions concerning the general conduct of the war and plans for postwar reconstruction, and providing the impetus for the eventual creation of the United Nations.[66]

Even before the end of the war, however, with an Allied victory in Europe assured, the spirit of cooperation that had existed among the Allies began to disintegrate. Problems arising with the Soviet Union regarding reparations from Germany and the operative definition of "self-determination," an apparent waning of Soviet enthusiasm for the planned World Organization (the United Nations), and, particularly, Soviet activities aimed at consolidating its position in Poland, Rumania, Bulgaria, and Czechoslovakia before the war's end, and throughout Eastern Europe following the surrender of Germany, led to the polarization of the former Allies into two camps, with the Soviet Union on one side and the United States, Great Britain, and France on the other.[67]

Having survived the ordeal of war, the European nations turned their attention to the immediate and complex

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[66]John Lewis Gaddis, The United States and the Origins of the Cold War 1941-1947 (New York: Columbia University Press, 1972), pp. 149-157.

[67]Ibid., pp. 172, 174-175, and 198-224. See also, W. Averell Harriman and Elie Abel, Special Envoy to Churchill and Stalin 1941-1946 (New York: Random House, 1975) and Winston S. Churchill, The Second World War: Triumph and Tragedy (Boston: Houghton Mifflin Co., 1953).

task of reconstruction. This monumental effort, complicated by domestic considerations, questions dealing with the treatment of the defeated Axis powers, and, later by the division of Europe into western and Soviet spheres and the onset of the Cold War, was pursued along three related paths in Western Europe--initiatives providing for the reestablishment and restructuring of domestic and European political and economic stability and the establishment of safeguards to ensure the future security of the continent. Occurring concurrently, and tending to support the process of reconstruction, was a movement toward greater Western European unity, and, on a global scale, the related development of the United Nations.

The United States, recognizing the critical necessity of ". . . the restoration of the economic life, the morale, and the political vigor and self-confidence of the European countries not under Soviet domination,"[68] provided active support. With growing Cold War tensions, the original tacit acceptance of a Soviet sphere of influence in Eastern Europe gave way, during the Truman Administration, to a hardening of the U.S. position in support of the democratic nations of Western Europe and in opposition to the Soviet Union. Soviet actions in Eastern Europe, conflict between

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[68]George F. Kennan, The Nuclear Delusion: Soviet-American Relations in the Atomic Age (New York: Pantheon Books, 1982), p. xii.

the western allies and the Soviet Union over Berlin and the reunification of Germany, the disruption of the postwar calm caused by the Greek Civil War, western concern over the security of Greece and Turkey, and considerations pertaining to the political and economic stability of Western Europe elicited a succession of major U.S. and Western European initiatives designed to check the Soviets and speed the recovery of Western Europe. The most significant of these, from the American side, were the articulation of the Truman Doctrine, in March 1947, providing U.S. economic and military aid to nations threatened by communism, with specific emphasis on aid to Greece and Turkey, and the institution of the European Recovery Program (the Marshall Plan), in March 1948, providing assistance for the economic reconstruction of Europe. For their part, the nations of Western Europe, appreciating the necessity for political and economic recovery, were, at the same time, concerned with the danger posed by the emerging Soviet military superiority in Eastern and Central Europe. Thus, while pursuing domestic recovery programs, they also addressed the requirement for collective security measures. This resulted in the development of the Brussels Pact between Great Britain, France, Belgium, the Netherlands, and Luxemburg, in March 1948, providing for economic, social, and military cooperation between the members. The creation of the Brussels Pact had been strongly influenced by a communist coup in Czechoslovakia during

February 1948, and this incident, combined with the Soviet blockade of Berlin, commencing in July 1948, prompted the establishment of the more comprehensive North Atlantic Treaty Organization (NATO) in April 1949, and resulted in the commitment of U.S. military power to the defense of Western Europe.[69] This commitment took the form of both conventional forces and a guarantee of nuclear protection (the so-called U.S. "nuclear umbrella," initially consisting only of strategic nuclear weapons, but, after 1958, also including short-range, tactical weapons deployed to Western Europe).[70]

Since World War II, American foreign policy has been intimately concerned with the Soviet Union--principal policy goals have included combating the spread of communism and containing Soviet expansionism and influence[71]--and with the security of Western Europe. Although important diplomatic and security arrangements have been concluded in other parts of the world through multilateral and bilateral agreements

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[69]Thomas W. Wolfe, Soviet Power and Europe 1945-1970 (Baltimore: Johns Hopkins Press, 1970), pp. 9-49. See also, John Lewis Gaddis, Strategies of Containment: A Critical Appraisal of Postwar American National Security Policy (New York: Oxford University Press, 1982).

[70]Michael Mandelbaum, The Nuclear Revolution: International Politics Before and After Hiroshima (New York: Cambridge University Press, 1981), p. 34. See also, Thomas W. Wolfe, Soviet Power and Europe 1945-1970, pp. 140-144.

[71]Kegley and Wittkopf, p. 36.

(for example, membership in the United Nations after 1945; the Rio Treaty [1947]; the Australia, New Zealand and United States Treaty [ANZUS, 1951]; the Southeast Asia Treaty Organization [SEATO, 1955]; bilateral security agreements with Japan [1951], the Philippines [1951], South Korea [1953], and Taiwan [1955]; and support for, but not membership in, the Baghdad Pact [1955] and its successor, the Central Treaty Organization [CENTO, 1959], although bilateral agreements were made with member nations Turkey, Pakistan, and Iran [1959]),[72] NATO and Western Europe have remained at the center of American diplomatic and military policies. They also constitute two of the three major areas in which the deterioration of U.S. leadership is apparent.

The principal strength as well as one of the major weaknesses of the American position in Europe has been the U.S. commitment to the security of its NATO allies. While the U.S. security guarantee provides a binding force, it has also been a source of friction. Almost from the inception of the North Atlantic Alliance, the United States has voiced periodic concern over the comparative size and expense of its commitment--generally during periods of sluggish U.S.

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[72]By 1982, however, only five of these agreements remained in effect (excluding the U.N.): the Rio Pact, the ANZUS Pact, and the bilateral agreements with Japan, South Korea, and the Philippines. See Lawrence J. Korb, "The Defense Policy of the United States," in The Defense Policies of Nations: A Comparative Study, eds. Douglas J. Murray and Paul R. Viotti (Baltimore: Johns Hopkins University Press, 1982), pp. 55-57.

domestic economic conditions--and complaints that its allies have failed to assume a proportionate share of the responsibility and expense entailed in providing for their own security.[73] The Western European nations, in turn, have tended to view their security position as a derivative of the larger struggle between the United States and the Soviet Union, and have voiced concern regarding U.S. views supporting the utility of military forces,[74] and fear that while the U.S. may provide them with nuclear protection, it is Western Europe that will be the most likely battlefield should war break out between the superpowers.[75] They have also perceived that the U.S. commitment may not be total--or sincere. They point to U.S. reductions in its NATO force levels during the Korean and Vietnam Wars as evidence of the possibility that American commitments elsewhere in the world may have priority over European security considerations in the future.[76] Additionally, some have voiced concern over the potential for the effective loss of national autonomy, perceiving that their security is dictated by the United

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[73]Laurence Radway, "Let Europe Be Europe," World Policy Journal 1 (Fall 1983):26.

[74]Eliot A. Cohen, "The Long-Term Crisis of the Alliance," Foreign Affairs 61 (Winter 1982-83):332-334.

[75]Karl Kaiser et al., "Nuclear Weapons and the Preservation of Peace," Foreign Affairs 60 (Summer 1982):1161-1165.

[76]Cohen, pp. 335-337.

States and that they may become involved, against their wills, in future conflicts outside Europe as a result of their association with the U.S. in NATO. These latter considerations strongly influenced the decision of France's President Charles de Gaulle to withdraw French military forces from NATO in 1966.[77]

Other fissures, not strictly associated with the Atlantic Alliance but having an impact on it, have also appeared in American relations with Western Europe. These have been, in part, perceptual differences and may be illustrated by examples from three broad areas. First is the European perception of a U.S. tendency toward unilateralism, seen in, among other things, the partial U.S. embargo of American grain shipments to the Soviet Union, imposed during 1980 in response to the Soviet invasion of Afghanistan;[78] U.S. trade sanctions directed against Poland in response to the imposition of martial law in that country in December 1981; and sanctions placed on the delivery of equipment and associated technology by U.S. companies and their European

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[77]Jean Klein, "France, NATO, and European Security," International Security 2 (Winter 1977):24-30. See also, Henry A. Kissinger, The Troubled Partnership: A Re-appraisal of the Atlantic Alliance (New York: McGraw-Hill Book Co., 1965), pp. 31-64.

[78]A certain duality of American purpose was perceived by the Europeans when the U.S. later lifted the embargo, under pressure from American grain farmers, while maintaining its Polish and pipeline sanctions--actions that were more damaging economically to Western Europe than to the U.S.

subsidiaries for the construction of the Soviet Euro-Siberian natural gas pipeline, again, in response to Polish martial law and the Afghanistan invasion.[79] Second, "America's freewheeling monetary policy and an undervalued dollar" were attacked as contributors to European economic difficulties during the late 1970s, and "throughout 1982, the Europeans . . . never ceased to attack exorbitant American interest rates and the overvalued American dollar as prime threats to global [economic] recovery."[80] Also contributing to economic differences and supporting the perception of U.S. unilateralism were U.S. trade protection policies (primarily those providing protection for the U.S. steel and agricultural industries) and veiled U.S. threats, made in late 1982, to "dump" its surplus agricultural products on the world market.[81] And, finally, the Western European perception of detente and the Soviet threat has differed, in recent years, from that of the United States. While Soviet and Cuban activities in Angola, the invasion of Afghanistan, and the expansion of the Soviet military have been viewed as threatening and have signaled the end of detente for the U.S., the

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[79]Andrew Knight, "Ronald Reagan's Watershed Year?" Foreign Affairs 61:3 ("America and the World 1982"):519-520.

[80]Josef Joffe, "Europe and America: The Politics of Resentment (Cont'd)," Foreign Affairs 61:3 ("America and the World 1982"):573.

[81]Ibid., pp. 570-587.

Europeans have perceived the Soviet threat as less pronounced and have continued to maintain generally good diplomatic and commercial relations with the Soviet Union and the Eastern Bloc.[82]

The final major area in which the effectiveness of American leadership may be seen to have diminished is the general category of global relations. Several factors have contributed to this condition. First, although its economy remains the largest in the world, in terms of gross national product, and its military forces are second only to those of the Soviet Union in size, the relative deterioration of U.S. economic and military strength since World War II have undermined the foundation upon which the American leadership position was constructed. Second, the United States no longer retains an undisputed moral and ideological leadership role among the world's non-communist nations. The absence of national consensus in the wake of the Vietnam War and Watergate has been perceived as weakness and as a lack of resolve and direction by America's friends and adversaries alike--a perception heightened and sustained by such national failures as the apparent inability of the United States to respond in an early and positive manner to the seizure of more than fifty American citizens by a comparatively weak Iranian government in 1979, and, then, once a

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[82]Seweryn Bialer and Joan Afferica, "Reagan and Russia," Foreign Affairs 61 (Winter 1982-83):258-259.

course of action had been decided upon, the failure of the U.S. attempt to rescue the hostages in April 1980. Third, the fragmentation of the international forum occurring with the emergence of large numbers of newly independent nations during the post-World War II breakdown on the colonial empires, and the subsequent emergence of the so-called non-aligned bloc of nations have resulted in a diffusion of U.S. global influence. The strength of the non-aligned nations as a voting bloc in the United Nations and other international organizations, in particular, has increased the difficulty faced by the United States in consolidating support for its initiatives in international negotiations. And, finally, American veracity and credibility no longer go unquestioned. Within the Third and Fourth Worlds, in particular, the United States is perceived, variously, as a supporter of dictatorships, a neo-colonial or neo-imperialist power, and a status quo power bent on maintaining its position as a superpower, making it, in their view, a nation that is not to be trusted.

The net result of the various diplomatic, economic, and military factors, when taken within the overall context of existing international and domestic conditions, has been a gradual--but very real--weakening of the U.S. position relative to other nations and groups of nations in the world. The exploitation by other nations--particularly the Soviet Union--of the ideological and diplomatic capital

realized from U.S. weaknesses has increased not only the difficulty but also the risks associated with the achievement of American goals in the international forum, and, in so doing, contributes to the further deterioration of the U.S. position. Perceptions of U.S. weaknesses and the manner in which they are exploited by others represent genuine constraints on the freedom of American activity, and, when considered along with other general international and domestic conditions, constitute the fabric of the context within which the United States must exist, function, and react. A dynamic results in which these perceptions influence the decisions of American policymakers, structure the nature of the decisions made and the policies implemented, and provide the backdrop against which the effectiveness--or inadequacy --of decisions and policies are measured. To a greater or lesser degree, this dynamic is operative in all facets of domestic and foreign policy, but is nowhere as significant as in the area of American policy dealing with national security.

IV. NATIONAL SECURITY: THREAT, CONFLICT AND MOBILIZATION

The "technological revolution" has tended to complicate the already complex milieu of international relations. Whether technological advances--particularly the development of weapons of mass destruction--are viewed as revolutionary, implying a complete or marked change in previously existing conditions, or merely evolutionary, implying developmental or progressive change, they have influenced the structure and dynamism of the international context. They have not, however, modified the underlying motivating factors or the basic strategic considerations of international actors.

With the advance of technology in recent years, "time and space have been telescoped,"[83] and the sophistication and destructive potential of modern weapons have expanded by an order of magnitude. The result has been an increase not only in the rapidity with which events occur--with a commensurate reduction in available reaction time--but also in the potential for inflicting unacceptable damage on an adversary, and, conseuqently, in the risks associated with a failure to respond adequately--measured in terms of both time and intensity. The traditional mechanisms employed by

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[83] Hanson W. Baldwin, Strategy for Tomorrow (New York: Harper & Row, 1970), p. 85.

nations in international relations remain unchanged, however, in their essential characteristics, although their form of expression has been altered, becoming increasingly more complex and subtle in their articulation.

The specific interests and aspirations of international actors, notwithstanding, the existence and perception of power and its employment remain the central aspects of activities among nations.[84] Power may be defined as ". . . the capacity of a nation to use its tangible and intangible resources in such a way as to affect the behavior of other nations."[85] That is, power involves the ability of a nation to influence the actions of other nations--to forestall activities that would negate the achievement of its own goals, or to produce activity by other nations that would support the achievement of such goals. The potential power of a nation depends upon the aggregate quantity and quality of the determinants of powers that it possesses--its economic and industrial strength, natural resources, geostrategic position, military strength, diplomatic strength, national character, and so forth. The actual power of a nation, on the other hand, is contingent upon the relative balance existing

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[84]Robert E. Osgood and Robert W. Tucker, Force, Order, and Justice (Baltimore: Johns Hopkins Press, 1967), pp. 4-14 passim.

[85]John G. Stoessinger, The Might of Nations: World Politics in Our Time, rev. ed. (New York: Random House, 1965), p. 11.

between its potential power and that of other nations, the perceptions held by other nations of its power, and the employment of its potential power in relations with other nations.[86]

A. NATIONAL SECURITY

One of the primary national objectives of any nation is generally recognized to be the survival of the state as a sovereign entity, measured in terms of the preservation of its cultural identity, political and social systems, territorial integrity, and economic well-being.[87] This characteristic predisposition toward national survival is clearly reflected in efforts undertaken to ensure that an adequate level of national security is provided during peacetime, and is one of the predominant forces, as an instrument of motivation and legitimization, when the nation prepares for, or when it actually engages in, armed conflict.

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[86]The most important scholar in the field addressing the potential and actual power of nations is Klaus Knorr. For additional information on this subject, see his books, The War Potential of Nations (Princeton, NJ: Princeton University Press, 1956); The Uses of Military Power in the Nuclear Age (Princeton, NJ: Princeton University Press, 1960); Military Power and Potential (Princeton, NJ: Princeton University Press, 1970); and Power and Wealth: The Political Economy of International Power (New York: Basic Books, 1973).

[87]The concept of survival as a prime motive of nations is addressed in the following sources, among others: the above works by Klaus Knorr; Waltz, Theory of International Politics; Morgenthau, Politics Among Nations; Stoessinger, The Might of Nations; and W. W. Rostow, The Diffusion of Power (New York: Macmillan Co., 1972).

If it is accepted that national security ". . . signifies protection of the nation's people and territories against physical assault," the implied ". . . protection . . . of vital economic and political interests, the loss of which could threaten fundamental values and the vitality of the state,"[88] and "measures taken . . . to safeguard interests against any kind of inimical influence, foreign or domestic,"[89] including the provision of a strong economy and social system and viable national institutions, in addition to a strong military capability, a type of international political Darwinism may be postulated to exist. Withi this construct, the "fittest" nations--that is, those that provide adquate security for themselves, either directly, or indirectly through alliance with or receipt of protection from other nations, or through a combination of both direct and indirect measures--continue to survive in the international arena.[90] The specific motivational factors and the nature and methods of national security programs vary,

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[88]Jordan and Taylor, American National Security, p. 3

[89]John M. Collins, U.S. Defense Planning: A Critique (Boulder, Co.: Westview Press, 1982), p. 309.

[90]Examples of nations whose failure to maintain adquate national security resulted in their ceasing to be truly sovereign nations are provided by Poland and Czechoslovakia, among others. Excellent examples of the opposite extreme, displaying the effects of preparedness and national resolve in the face of aggression, are provided by the actions of Finland during the Winter War with the Soviet Union in 1939 and 1940, and by Great Britain during World War II.

however, from nation to nation, and, within an individual nation, are dynamic over time. For example, although the end objective of national survival may be identical, the security requirements of superpower states, such as the United States and the Soviet Union, may be seen to be far different, both in scope and intensity, from those of less powerful nations. Further, the composition of initiatives undertaken to provide national security is variable and must balance existing and projected capabilities against perceived and actual threats to security within the uncertain context of international relations. Thus, a nation must be able to adapt to fundamental changes in the international order, to changes resulting from institutional and cultural evolution, and to technological changes.[91] Ultimately, however, whether or not a nation survives in time of war depends largely upon the resolution of its people and the preparations it makes in peacetime for the eventuality of war.

The national security posture of the United States is, in general, guided by the impetus of the American strategic culture and structured by the availability and commitment of national resources. Dictated by these conditioning factors,

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[91] An excellent discussion of "cultural adaptation" and the effects of "cultural misadaptation" on national security in contemporary America is provided in Thomas P. Rona, Our Changing Geopolitical Premises (New Brunswick, NJ: Transaction Books, 1982).

it has historically been--and continues to be--essentially defensive in nature.[92] This posture, based on preparation for what Western moral and ethical tradition terms a "just war,"[93] is characterized by the dual requirements that national defense policies be "appropriate" and that they not exceed the bounds of "sufficiency." Thus, while the American people can accept the existence of defense policies and military forces designed to ultimately ensure the continuation of the nation, they cannot--and will not, for long--tolerate the development and employment of military power for purposes other than legitimate self-defense (i.e., defense against "unjust" aggression). The resultant defense ethic, then, becomes one mandating that the United States never strike the first blow in war; that it possess sufficient military power to deter war; that its military strength be sufficient to fight a war, in the near-term, should deterrence fail; and that it maintain the requisite capability, during peacetime, to mobilize its industry and population to fight and win a war against an aggressor, in the long-term, should that course of action become necessary to guarantee national survival.

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[92] U.S., Department of Defense, Annual Report to the Congress, Fiscal Year 1984, p. 32.

[93] For a detailed examination of the "just war" tradition and related topics, see National Conference of Catholic Bishops, The Challenge to Peace: God's Promise and Our Response [Pastoral Letter], 3rd draft (n.p.: United States Catholic Conference, 1983), pp. 40-53.

The American defense ethic--in the above form--is a post-World War II condition, reflecting fundamental alterations in the articulation of national security policy. From the Revolutionary War until World War II, U.S. security policy effectively amounted to the pursuit of a posture of isolationism and reliance on a traditional strategy of continental defense.[94] Prejudiced against "standing armies as a dangerous menace to liberty,"[95] having no powerful nations on its borders, and being separated from the powerful nations of Europe by the Atlantic Ocean, the comparatively weak American republic maintained only a small military establishment. This professional cadre was considered sufficient to meet peacetime security needs, while the inherent protection provided by the nation's insular geographic position allowed time for the expansion of the personnel and material strength of the armed forces when war was imminent.[96]

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[94]Russell F. Weigley, The American Way of War: A History of United States Military Strategy and Policy (New York: Macmillan Publishing Co., 1973), p. 169.

[95]Emory Upton, The Military Policy of the United States (Washington, D.C.: Government Printing Office, 1917), p. ix.

[96]U.S., Library of Congress, Legislative Reference Service, United States Defense Policies Since World War II, prepared at the request of the Honorable Melvin Price, Member of Congress (Washington, D.C.: Government Printing Office, 1957), p. 59. See also, Richard Smoke, "The Evolution of American Defense Policy," in American Defense Policy, 5th ed., eds. John F. Reichart and Steven R. Sturm (Baltimore: Johns Hopkins University Press, 1982), p. 97; and Theodore W. Bauer and Eston T. White, National Security Policy Formulation (Washington, D.C.: National Defense University, 1977), p. 2.

Thus, in the years immediately preceding World War II,

> . . . American strategy implicitly assumed that the geographical remoteness of the United States from other powers, the superiority of the American fleet in western hemisphere waters, and the struggles which must ensue on the Eurasian continent before the balance of power there could be upset, all would give the United States sufficient time in a crisis to convert its manpower and industrial potential into operational military strength.[97]

World War II and its aftermath, with the destruction of the prewar power structure in Europe and Asia and the subsequent emergence of the United States as the leading nation in world affairs, removed most of the factors upon which America's traditional security posture was based. The benefits of geography were largely nullified by technological advances in weaponry, transportation, and communications,[98] and the policy of isolationism ceased to be a viable option. Additionally, with the postwar adoption of a policy of collective security and its associated strategy of deterrence, the existence of forces-in-being assumed a much greater level of importance, while reliance on mobilization potential was reduced[99]--but not eliminated.

Deterrence has remained the central concept of American national security policy since World War II. During the

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[97]Samuel P. Huntington, The Common Defense: Strategic Programs in National Politics (New York: Columbia University Press, 1961), p. 26.

[98]Smoke, pp. 102-103.

[99]Huntington, pp. 26-27.

intervening years, its purpose (the promotion of international stability[100]) has remained unchanged, but its articulation and perceptions of the possible consequences of its failure have. The dual beliefs, prevalent in the early postwar years, that when deterrence fails, escalation to total nuclear war is inevitable, and that nuclear war, once initiated, will be of short duration, have yielded to the consideration of other possibilities. The occurrence of a large number of limited, conventional conflicts since World War II--for example, the Korean and Vietnam Wars and several Arab-Israeli conflicts--and the potential for the effective management of crises,[101] have indicated that the escalation of conflict to the nuclear level need not be a foregone conclusion and that war may still entail a protracted effort. And, with this realization that future armed conflict may span a range from a level involving the limited use of conventional forces--to achieve limited political or military goals--to the level of total nuclear war, the maintenance of a viable mobilization potential in-being and the utility of national mobilization have once again assumed a vital role in national security considerations.

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[100]John Lewis Gaddis, Russia, the Soviet Union, and the United States: An Interpretive History (New York: John Wiley & Sons, 1978), pp. 198-200.

[101]Craig and George, Force and Statecraft, pp. 205-219. See also, Alexander L. George, Managing U.S.-Soviet Rivalry: Problems of Crisis Prevention (Boulder, Co.: Westview Press, 1983).

B. THREAT AND ITS USE

One of the principal means for the articulation of national power in international relations is through the employment of threat.[102] An intuitively simple but operationally complex concept, threat encompasses a wide range of attributes, as shown in Table 19. The statement of a threat carries with it a delimitation of acceptable or desired activity by an adversary and a declaration--actual or perceived--of an intention or resolution to inflict punishment on him in retaliation for the occurrence of, or conditionally on the continuation of, a proscribed activity. The sole object of a threat is to influence the actions of the adversary,[103] and, as such, it constitutes a means to an end, but not an end in itself.

A threat may be of one of two types--one that attempts to deter or discourage an adversary from undertaking an undesired activity, or one that attempts to compel or force him to cease an undesired activity in which he is engaged.

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[102] It may be argued that national power is articulated by the simple fact of its existence. This is acceptable, however, in only one instance--when power is passive, that is, when the existence or possession of power is a goal. Power may also constitute a means or instrument for the achievement of other goals, and from this perspective, it connotes an active role in which an inclination toward the use of threat to achieve the desired goals is implied--and, conversely, the protection of the goals from threat by other nations.

[103] Thomas C. Schelling, Arms and Influence (New Haven, Ct.: Yale University Press, 1966), pp. 69-80 passim.

Threats of the first type are generally referred to collectively as "deterrence." They have as their purpose the prevention of an undesired action by an adversary (that is, the

THREAT ORIGINATOR	THREAT CHARACTERISTIC		THREAT TARGET
1. General 2. Specific	SCOPE OF THREAT	SCOPE OF RESPONSE	1. General 2. Specific
1. Active 2. Passive	NATURE OF THREAT	NATURE OF RESPONSE	1. Active 2. Passive
1. Overt 2. Covert	MODE OF THREAT	MODE OF RESPONSE	1. Overt 2. Covert
1. Strong 2. Moderate 3. Weak	INTENSITY OF THREAT	INTENSITY OF EFFECT	1. Severe 2. Moderate 3. Limited
1. Protracted 2. Temporary	DURATION OF THREAT	DURATION OF EFFECT	1. Permanent 2. Transitory
1. Near-term 2. Mid-term 3. Future	DESIRED IMMEDIACY OF EFFECT	ACTUAL IMMEDIACY OF EFFECT	1. Imminent 2. Delayed 3. Remote

TABLE 19. THREAT CLASSIFICATION

target of the threat). This is accomplished by declaring an intent and demonstrating a resolve to respond to the adversary's initiation of an undesirable action by inflicting a level of damage that will be unacceptable to him. Thus, deterrence is essentially passive in nature and is not limited by considerations of time. Once made, the deterrent threat

may lie dormant for an indefinite period. If and when the adversary commences the proscribed activity, at some future point in time, the declard intent of the threat is then executed. Deterrence, then, may require a long-term commitment, and for the threat to be effective, it must be credible. That is, the target of the threat must perceive that the threat initiator has both the capability and the resolve necessary to make good its declared intention.[104]

The second type of threat has been termed "compellence." It differs from deterrence in two basic respects. First, the purpose of compellence is to force the target nation to stop or modify the form of an activity in which it is engaged. This is accomplished by initiating a counter-activity that has the potential for causing greater damage to the adversary than may be compensated for by the expected gains derived from the continuation of his activity. Thus, it contains the element of coercion. Additionally, compellence may carry with it a positive reinforcement in the form of a declared or implied assurance that the damaging counter-activity undertaken by the threat initiator will be terminated when the adversary's objectionable activity ceases. Second, a compellent threat is time dependent, in that it requires the nation declaring the threat to initiate the counter-activity at the time the threat is made. Thus, this type of

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[104]Ibid.

threat is active in nature, and, as with deterrence, requires that it be perceived as credible by the target nation in order to be effective.[105]

Threats, whether deterrent or compellent, may be targeted against an individual nation or a group of nations, and they may have limited or wide-ranging goals. They may be designed to influence general behavior, as with nuclear deterrence, behavior within a specific area of activity (i.e., the economic, diplomatic, or military area), or behavior within a specific context (e.g., U.S. trade sanctions--a form of compellence--imposed following the Soviet invasion of Afghanistan). The level or intensity of threats and their duration are variable, being directly related to the nature of the desired effect on the target nation and the speed with which realization of the effect is sought. And, finally, deterrent threats, although normally initiated intentionally, may also occur incidentally[106] with equal effect--that is, a threat may be perceived where none was intended.

The effect of a threat on the target nation is a matter of degree, being dependent upon the nation's sensitivity and vulnerability to the particular type of threat made.

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[105] Ibid. See also, Osgood and Tucker, p. 186; and Waltz, p. 189.

[106] Compellence cannot occur incidentally, since, by definition, a compellent threat requires the threatening nation to initiate overt action against the target nation.

Sensitivity is the degree to which a nation is susceptible to costly or damaging effects imposed by external influences, assuming the nation's policies are not altered in an attempt to improve its situation. Vulnerability is a measure of the nation's susceptibility to ". . . costs imposed by external events even after policies have been altered."[107] Sensitivity and vulnerability are similar concepts, differing principally in terms of relative susceptibility, the national context effected, and the factor of time. A nation may be very sensitive to the effects of a specific external event, but may be relatively less vulnerable to the same event. Additionally, the nation's sensitivity and vulnerability to the event may change over time--presumably decreasing--with the implementation of new or altered policies.[108] For example, the United States is currently very sensitive to the disruption of supplies of certain critical and strategic minerals from foreign sources. It is also vulnerable to supply disruption. But, because of its stockpiles of minerals, it is relatively less vulnerable than if no stockpiles were maintained. And, if mineral supplies were disrupted, the vulnerability could potentially be reduced over time by acquiring the necessary minerals through deep seabed mining and the mining of domestic reserves not

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[107] Keohane and Nye, pp. 12-13.

[108] Ibid., pp. 12-17.

currently exploited because of economic infeasibility, and by extending existing mineral supplies through recycling, rationing, and the substitution of abundant minerals for scarce ones, where possible.[109]

Threats must be assessed individually, but they cannot --or should not--be assessed in isolation. Each threat must be analyzed within the context of existing international and domestic conditions, present and future national goals, and current and projected resources and capabilities. All potential consequences of the threat must be considered and a balance achieved between expectations and available means in order to minimize the adverse impact of the threat on the nation and its interests.

C. CONFLICT

Conflict, in international relations, implies the existence of a state of difference or opposition between the principles or interests of two or more nations or groups of nations. As with threat, conflict is not an end in itself, and is employed as an instrument for achieving a desired goal.

Two broad categories of conflict may be seen to exist. The first includes the various forms of non-violent conflict. Conflict within this category involves opposition

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[109]Lee Calaway and W. C. J. van Rensburg, "US Strategic Minerals: Policy Options," Resources Policy (June 1982):97.

between the principles and interests of nations associated with the non-violent aspects of international relations (i.e., ideology, economics, and diplomacy). These types of conflict represent the lower end of the conflict spectrum, and, although they may vary individually in intensity, they are essentially neutral or passive in nature. By themselves, they cannot produce a modifying influence on the actions of the nations involved, but when articulated through the employment of threat or in conjunction with conflict from the second category, they have the potential capability of doing so.

Conflict within the second category includes opposition that is violent, and thus active, in nature. These types of conflict can, by themselves, influence the actions of the nations involved. Representing the upper end of the conflict spectrum, they entail the application of force--that is, a demonstration of intent to use or the actual employment of the nations' military capabilities.

Violent conflict varies over a wide range of characteristics and intensity, with the variation demonstrated in the type of confrontation or combat in which the nations are engaged and the severity of potential damage to the belligerents. In this regard, violent conflict may be subdivided into three levels. The first and lowest level is that of sub-crisis, bordering on non-violent conflict and involving the posturing of military forces, but with a comparatively

low possibility of hostilities occurring. Next is the crisis level, entailing confrontation between opposing military forces and an increased probability of hostilities. Finally, at the uppermost end of the conflict spectrum, is the level of warfare, at which hostilities between military forces are initiated and continue with or without a formal declaration of war. The warfare level may, in turn, be divided between conventional (i.e., non-nuclear) and nuclear warfare, each of which may be further subdivided into a lower level--limited war--and an upper level--general or total war.[110]

Considerations of the specific motivations, aims, and strategies associated with the various categories of conflict aside, the progression of conflict from the lower levels of non-violence to violence and warfare entails increasing levels of physical as well as psychological threat to the nation and its interests from external sources. It also implies the requirement for increasing levels of national commitment, supported by commensurate national

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[110]Robert E. Osgood, "Limited War and Power Projection," in American Defense Policy, 5th ed., eds. John F. Reichart and Steven R. Sturm (Baltimore: Johns Hopkins University Press, 1982), p. 375, notes that limited war is "fought for ends far short of the complete subordination of one state's will to another's, using means that involve far less than the total military resources of the belligerents and leave the civilian life and the armed forces of the belligerents largely intact." By way of contrast, "in total war," according to Craig and George, pp. 220-221, "each side strives for complete victory, that is, the unconditional surrender of its opponent."

resolve. Within the context of international threat and conflict, national security--the survival of the nation--remains the principal concern of the nation. Supporting the attainment and perpetuation of this fundamental national interest are efforts undertaken to reduce the vulnerability of the nation to the influences of other nations and to maximize the nation's potential to withstand threats to the component areas of national endeavor--that is, to its society, economy, and the continuation of its diplomatic and military activities. This purpose, in turn, is served by the development and maintenance of national power within each of its subsumed categories. One mechanism available for the achievement of this latter purpose is the maintenance of a viable capability to mobilize the components of power in times of national need.

D. MOBILIZATION: AN OVERVIEW

In its broadest sense, mobilization implies a state of national readiness. It involves those actions and processes implemented by the national leadership to bring to bear the level of national potential commensurate with a perceived or actual threat to national security. A mobilization effort may be undertaken either in peacetime to prepare the nation for war, or in wartime to support the nation's war effort. And, mobilization is normally undertaken in conjunction with other initiatives to support the national strategy.

1. Types of Mobilization

The mobilization process addresses four broad, interrelated classes of actions:

(1) Industrial mobilization;

(2) Military mobilization;

(3) Civil defense; and

(4) The establishment and maintenance of alliances.

Within each broad category are a variety of specific potential initiatives and requirements that support the overall process. The number and character of these that are implemented will be determined by the desired level of mobilization effort (i.e., limited, partial, full, or total) decided upon by the national leaders, and the intensity of the mobilization effort, in turn, will be dictated by the level of the potential or actual conflict.[111]

a. Industrial Mobilization

Industrial mobilization has as its purpose the provision of the necessary material resources for war. In its execution, it includes two related types of activity. The first, undertaken in peacetime, and continued and expanded in wartime, is the development and maintenance of an industrial mobilization (or industrial production) base, providing the defense industry with the "ability . . . to respond rapidly to increased demand for production outputs

[111]Foster and Hoeber, pp. 448-449.

in times of national emergency"[112]--that is, with a "surge capability."[113] Included within this area are such specific initiatives as the stockpiling of materials (raw materials as well as fabricated materials, or war reserve materials, including spare parts, subassemblies, and complete systems), ensuring that requisite production capabilities exist (e.g., production machinery and skilled manpower), the maintenance of necessary production capabilities through, for example, the construction of standby production lines and plants and "trickle production,"[114] and the provision of enabling legislation supporting the maintenance of production capabilities in peacetime, and providing the statutory means for

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[112]Gansler, The Defense Industry, p. 109.

[113]"Surge capability" addresses the potential of industry to meet increased production demands and is associated with "D-to-P" calculations. Lawrence J. Korb, "A New Look at U.S. Defense Industrial Preparedness," in Industrial Capacity and Defense Planning: Sustained Conflict and Surge Capability in the 1980s, eds. Lee D. Olvey, Henry A. Leonard, and Bruce E. Arlinghaus (Lexington, Ma.: Lexington Books, 1983), pp. 32-33 n. 1, states that "'D-to-P' refers to a planning concept that computes the quantity of war reserves . . . that must be in inventory on D-day to fill the gap between the wartime-consumption rate and the production rate, out to the time (P-day) when the production rate could be expanded to match or exceed the consumption rate."

[114]"Trickle production" involves the manufacture and procurement of components and systems over an extended period rather than at a single point in time. This procedure is designed to maintain required production capabilities, but, at the same time, entails increased overhead costs to the manufacturer. These increased costs are passed on to the government in the form of higher unit prices. Thus, while the procedure assists in maintaining production capabilities, it is not cost-effective. See Gansler, The Defense Industry, p. 276.

their expansion when that course of action becomes necessary in preparation for war.[115]

The second type of activity involves the actual mobilization of industry. This is normally initiated when the likelihood of war becomes apparent and continues during wartime. Included within this area are actions such as the establishment of production requirements (for both military and civilian purposes), the establishment of priorities, and the establishment and implementation of controls (e.g., controls on the allocation and distribution of materials, output quotas and limitations, consumer rationing, credit controls, and so forth).[116]

b. Military Mobilization

The purpose of military mobilization is the provision of the necessary human resources for war, and, by extension, the associated equipment and supplies required. As with industrial mobilization, military mobilization has both peacetime and wartime components. During peacetime, the intent is to maintain sufficient levels of manpower and materiel, in active as well as reserve forces, to furnish a credible initial restraint on the actions of a potential adversary--that is, to act as a deterrent and to limit his gains once hostilities have commenced. This intention

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[115]Foster and Hoeber, pp. 448-449.

[116]Ibid.

influences the size of standing forces and may be supported by the existence of, or plans for, other mechanisms designed to increase the personnel levels and efficiency of the military forces. These include, among other things, provisions for the call-up of reserve forces, recall of inactive or retired personnel to active duty, conscription, and training programs. Also included among the peacetime initiatives is the development and maintenance of a viable capability for the transportation of men and materiel to the location of hostilities and sustaining them once there. This encompasses, but is not restrict to, the development and continued maintenance of personnel and equipment support organizations; airlift and sealift forces; domestic highway, rail, and air systems to facilitate the movement of men and materiel to points of embarkation for overseas deployment, and contingency plans supporting the employment of the means of transport and supply. Other peacetime initiatives may include increased defense appropriations and procurement for the purpose of increasing the levels of available war reserve materiel and promoting a wider range of research and development (R&D) efforts.[117]

Wartime military mobilization differs from that of peacetime as a matter of degree and urgency. With the

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[117]U.S., Department of Defense, Master Mobilization Plan (MMP) (Washington, D.C.: Government Printing Office, 1982), pp. 19-27. See also, Foster and Hoeber, p. 448.

initiation of hostilities, existing mechanisms are expanded and contingency plans executed in order to convert potential military strength into strength in-being. Those initiatives designed to increase the personnel strength and support capabilities of the military and provide a continuing supply of men and materiel, if not previously pursued, will be undertaken at this time.

c. Civil Defense

Civil defense has the dual purposes of protection and restoration--that is, the protection of the civilian population and domestic industry and utilities against the physical effects of war (or, as a minimum, reducing the effects) and the recovery of the population, industry, and utilities after the occurrence of war damage. The role of protection may include plans for or the implementation of such damage limiting initiatives as population sheltering; the hardening of domestic industrial, utility, and military facilities; the physical dispersal of the locations of industry and utilities; the evacuation of civilian population centers; and the safeguarding of the civil and military leadership and their means of command and control. Supporting the recovery function may be plans and existing capabilities for the restoration of industry and utilities; the repair of damage; decontamination, in instances where nuclear, biological, or chemical (NBC) weapons have been employed;

the repopulation of urban centers, if they had previously been evacuated; and the provision of emergency health, medical, and support services, including the provision of food and shelter.[118]

d. Alliances

Alliances have the potential for providing a source of strength in peacetime and increasing available resources and capabilities in wartime. Active leadership and diplomacy are the key elements in realizing this potential. The establishment of regional power groupings and agreements between nations having a commonality in priorities, goals, and operational structures (e.g., logistics systems; command, control, communications, and intelligence [C3I] systems; and military forces) yield a greater potential for deterring the outbreak of war, and a potentially greater level of strength, through collective effort, in wartime and for war termination.[119]

2. Economic Considerations of Mobilization

Mobilization constitutes a fundamental alteration of the normal operation of the nation and the national economy.

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[118]Foster and Hoeber, p. 449. See also, Charles J. Hitch and Roland N. McKean, The Economics of Defense in the Nuclear Age (New York: Atheneum, 1960), pp. 323-333; and Bernard Brodie, Strategy in the Missile Age (Princeton, NJ: Princeton University Press, 1965), pp. 210-216.

[119]Foster and Hoeber, p. 449.

During peacetime, the economy is generally concerned with the allocation of scarce resources and capital in a manner designed to maximize consumer satisfaction. This goal is significantly changed, however, when the nation mobilizes, with the emphasis shifting to the production of more war materiel and less consumer products. That is, given the prime objective of establishing the capability for, or actually prosecuting and winning a war, consumer satisfaction becomes a secondary consideration, and civilian consumption is reduced through both voluntary and regulatory action, while the maximum possible amount of resources are allocated or diverted to the military sector.[120]

The transition from a normal consumer economy to a mobilization economy is generally recognized as proceeding in three stages. The first, officially designated as the "mobilization hump," involves ". . . the shifting of the economic system from normal peacetime pursuits to the production of a greatly increased quantity of war equipment, and the expansion of productive capacity suitable to the production of war equipment." Within the second, or "mobilization readiness," stage, the ". . . country is prepared in terms of men under arms, military equipment, the stockpiling of critical materials, reserve capacity for the production of military goods, and basic industrial capacity to

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[120] W. Glenn Campbell, ed., Economics of Mobilization and War (Homewood, Il.: Richard D. Irwin, 1952), p. 3.

wage war on short notice." The third and final stage is "total war."[121]

During the transition period to a mobilization economy, and while the mobilization plan remains in effect, a fundamental conflict may be expected between the requirements to maintain the civilian living standard at an acceptable level and to provide the greatest possible amount of goods and services for military use. The national economic policy is the mechanism that seeks to reduce the level of this conflict. The ability of the nation to avoid potential pitfalls and achieve the goals of the economic policy will largely determine the ease with which the transition phase is completed and the overall success of the mobilization effort.

The national economic policy interacts with all facets of the mobilization plan, and, in so doing, attempts to maximize supply, facilitate the conversion of selected industries to the production of war materiel, optimize resource allocation within the military and civilian sectors, and secure a fair distribution of goods and services between the two sectors. At the same time, the efficiency of the mobilization effort is degraded to the extent that, singly or collectively, administrative waste exists, usable resources are allowed to remain idle, resources are misued,

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[121] Ibid.

consumer goods distribution is improperly managed, or the system of controls breaks down. The aggregate of achieved objectives, offset by unreconciled obstacles, results in a mobilized economy, however, when all available manpower is drawn into the labor force, when wartime levels of production manhours are attained, and when all economic output in excess of the amount set aside for the civilian sector is provided for military purposes.[122]

The forced movement of the economy from a normal peacetime condition to one of mobilization requires that a number of independent, but related, elements be considered. The most significant of these are: (1) the size of the labor force, (2) the availability and allocation of resources, (3) the condition of the industrial base, and (4) economic controls. Each element must be assessed, both within the context of current capabilities and requirements, and those projected to be in existence when the selected mobilization target date is reached. Based on these assessments, an integrated economic mobilization plan must then be developed and implemented.

The available labor force is assumed, for planning purposes, to consist of all working age (officially, fourteen years of age and older) males and females in the

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[122]Tibor Scitovsky, Edward Shaw, and Lorie Tarshis, Mobilizing Resources for War (New York: McGraw-Hill, 1951), pp. 1-3.

population, excluding those necessary to meet current and projected military manning levels, as reflected in the military mobilization plan.[123] That portion of the population that is either working or seeking work is termed the occupied labor force, or simply, the labor force. The ratio of the size of this force to the size of the available labor force is the factor with which mobilization planners are concerned. On the basis of previous U.S. mobilization experience, the size requirement of the labor force is assumed to be approximately sixty percent of the available labor force, although variations in the actual percentage may occur.[124] Thus, the size of the projected labor force at any future point in time may be estimated from current census information and projected birth and death rates.

The allocation of limited national resources--land, labor, capital, and management--is a complex task in normal times, and tends to become even more complicated when the largely self-regulated free market economy of peacetime is supplanted by the strict government controls associated with mobilization. Opposing this tendency, however, is an increased degree of government freedom in effecting direct alterations to the operation of the economy. Not only do government agencies determine which industries will receive

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[123]Ibid., pp. 7-9. See also, Campbell, pp. 33-37.

[124]Ibid.

priority in the allocation of resources, but they also directly or indirectly regulate the amount of resources that will flow to the various industries, the types of goods and services to be produced, production levels, and the distribution of semi-finished and finish products and services between the military and civilian sectors.[125]

The aim of mobilization is to provide the maximum level of war-related goods and services to the military sector. In microeconomic terms, this involves the alteration of the consumption frontier or the expansion of production in war industries. In addition to a shift in consumption patterns away from consumer goods, this may be achieved through technological advances that result in increased productivity, and through increases in the availability of the factors of production (i.e., resources) required by the key industries. Six principal means exist for providing additional resources for mobilization: (1) through increased production, achieved by increasing the size of the labor force, inducing people to work longer hours, and increasing efficiency; (2) by foregoing investment in new forms of capital equipment not essential for war purposes; (3) by utilizing the full amount of existing capital; (4) by reducing personal consumption; (5) through loans and gifts

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[125]Classroom lecture presented by Dr. George R. Feiwel, guest professor, at the Naval Postgraduate School, Monterey, California, 8 December 1982.

from abroad; and (6) through the production of goods in conquered nations.[126]

The third facet of economic mobilization to be considered is the strength and structure of the industrial base. The key issue here is the productive potential of the economy. It is to be expected that, prior to mobilization, the nation's industrial productivity will be at some level below its full potential. Thus, the problem becomes one not only of shifting from the production of consumer goods to the production of war materiel, but also one of increasing industrial output to a level approaching the productive potential of the nation. Three mechanisms for stimulating the growth of industrial plant capacity exist, in addition to those noted above. The first is the certificate of tax amortization. This allows a firm an accelerated write-off on that portion of its plant and equipment considered necessary to the mobilization effort, with the result that expansion or conversion is effectively subsidized by public revenues. The second consists of long-term government loans, normally provided to firms to increase their capacity to produce goods that are required for the war effort, but are also transferable to a normal peacetime economy. Finally, the government, itself, may construct the industrial plant.[127]

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[126] Campbell, p. 3.

[127] Ibid., pp. 29-32.

The final component of the economic policy during mobilization is that of controls. Controls serve the purpose of establishing the framework for and regulating the operation of the mobilization economy. Typical controls include those placed on allocations and priorities (i.e., the control of resources), output, distribution, prices, wages, imports and exports, consumer goods (i.e., rationing), and manpower.[128]

Two additonal, unplanned--and undesired--economic aspects of mobilization remain to be discussed. These are the problems of the black market and inflation.

The reduction in the types and quantities of available consumer goods associated with the shifting of production toward the military sector, and price controls or rationing--or both--will result, to a greater or lesser degree, in the formation of a black market. This illegal market place responds to the resistence of consumers to a reduction in their standard of living and to their willingness to pay higher prices in order to possess products they could not normally purchase. Although the interests of both the buyer and the seller are served, the nation is adversely effected by the operation of the black market, in that goods and capital are diverted from the legitimate economy.[129]

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[128]Seymour E. Harris, The Economics of Mobilization and Inflation (New York: W. W. Norton, 1951), pp. 197-230.

[129]Albert G. Hart, Defense Without Inflation (New York: Twentieth Century Fund, 1951), pp. 87-88.

Inflation occurs when there is a ". . . general excess of aggregate demand for goods and services over aggregate supply at current prices."[130] Conditions conducive to such occurrence are characteristic of a mobilization period, when the number and volume of consumer goods and services are reduced, while, at the same time, more people are working longer hours at higher pay, and thus possess greater than normal purchasing power. A number of methods exist for controlling inflation. Price and wage controls are direct methods that seek to stabilize conditions by fiat. Indirect methods attempt to resolve the conflict between the requirement that production be increased and the requirement that demand be restrained. Included among these are: (1) reducing demand through the elimination of non-essential government expenditures, (2) increasing taxes in order to reduce excess consumer purchasing power, (3) reducing consumer demand for goods and services by promoting a program of voluntary saving, and (4) implementing monetary and credit policies designed to restrict the expansion of bank credit and the money supply.[131] One or more of these direct and indirect methods may be utilized. The type and extent of inflation controls employed will depend on existing conditions.

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[130]Campbell, pp. 69-70.

[131]Lester V. Chandler and Donald H. Wallace, Economic Mobilization and Stabilization (New York: Henry Holt, 1951), p. 13.

3. Political Aspects of Mobilization

Mobilization is an act of political will, involving a conscious decision by the President and supported by the Congress and the American people.[132] The complexity of the mobilization process, the nature of its impact of the economy and the American public, and the seriousness of the circumstances necessitating it make the decision to mobilize one that is not taken lightly. Historically, the United States has tended not to prepare adequately during peacetime for the eventual necessity to mobilize,[133] and has, moreover, undertaken mobilization only after the commencement of hostilities, or when the entry of the United States into war was imminent. For example, the nation has mobilized only three times in this century--full mobilizations during the First and Second World Wars, and partial mobilization during the Korean War. In each instance, official mobilization policies were initiated in response to the belligerent actions of other nations.[134] Prior to each of these decisions

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[132]Foster and Hoeber, p. 448.

[133]Gansler, The Defense Industry, p. 109.

[134]It may be argued that the U.S. mobilization process for World War II was initiated by President Roosevelt as early as 1939, through a series of executive actions designed to bolster the nation's war production capabilities, raise the level of preparedness of the armed forces, and aid the future European allies. An officially declared mobilization program was not implemented, however, until the U.S. entered the war following the Japanese bombing of Pearl Harbor on December 7, 1941.

to mobilize, no responsible organization existed to coordinate all aspects of the effort, and, although general mobilization plans existed, formal legislative and executive action was necessary--often on an ad hoc basis--to execute the specific initiatives of the mobilization effort.

The inherent deficiencies associated with this type of stimulus-response approach to mobilization was recognized, and, following World War II, a national-level effort was undertaken to establish and maintain a peacetime mobilization capability in-being.[135] This effort, drawing upon the experiences of World War II and responding, in part, to the requirements of the Korean War, was implemented through several statutory mechanisms. The first of these was the Strategic and Critical Materials Stock Piling Act of 1946. This act, reflecting the beliefs of General George C.

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[135]A similar realization had occurred at the conclusion of World War I. During the closing days of the war, and continuing during the interwar years, a number of initiatives were undertaken in an effort to provide for national defense preparedness and for the maintenance of a peacetime capability to mobilize in the event of war (e.g., the National Defense Act of 1920, providing for industry and military collaboration on procurement and economic planning for future wars; the Army-Navy Munitions Board, 1922; the Army Industrial College, 1924; the Industrial Mobilization Plan of 1930, providing for a War Resources Administration; the War Policies Commission, 1930; the National Recovery Administration, 1933; and the Protective Mobilization Plan, developed between 1936 and 1939). The histories of these programs and the events of World War II, relating to mobilization, indicate that these interwar organizations and preparations were not altogether successful in achieving their purposes. See Paul A. C. Koistinen, The Military-Industrial Complex: A Historical Perspective, with a Foreword by Congressman Les Aspin (New York: Praeger, 1980).

Marshall and certain key Truman Administration officials, recognized the dependence of the United States on foreign sources of raw materials required for defense-related industrial production,[136] and was designed to ease this condition and support the creation and maintenance of a broad mobilization base through the accumulation of raw materials rather than military end-items. Driven by postwar domestic pressures for reductions in government expenditures, the act provided two major benefits within the administration's program of maintaining a state of mobilization preparedness in lieu of forces in-being. First, it provided increased economy in the defense area through the deletion of certain requirements for the stockpiling of war reserve material having the potential of being obsolete when its use became necessary in wartime. And, second, taken together with separate provisions for additional production facilities, it made available the raw materials necessary to support the rapid expansion of military production in the event of war.[137]

The second statutory mechanism was the National Security Act of 1947. This act created the National Security Resources Board, responsible for advising ". . . the President regarding the co-ordination of military, industrial, and civilian mobilization," and ". . . was to provide the

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[136]Gansler, The Defense Industry, p. 68.

[137]Huntington, pp. 57-58.

machinery through which manpower, resources, and productive potential could be geared to support foreign and military policy."[138] Additionally, it provided indirect support for mobilization by establishing the National Security Council (NSC), tasked with the responsibility for coordinating domestic, economic, foreign, and military policies in support of national security.

The Defense Production Act of 1950 was the third, and final, major statutory mechanism implemented during the post-World War II period. This act provided for the integration of national economic and defense policies and objectives in order to guarantee that the nation's capability to successfully respond to emergency conditions was achieved and maintained. The primary impetus for the enactment of the Defense Production Act (DPA) came from the necessity to expand the production capabilities of American industry to support the mobilization effort and combat operations of the Korean War. Several additional domestic and international conditions and events, occurring in the immediate post-World War II years, also influenced its development. First, bowing to domestic pressures, the United States had implemented a drastic demobilization program in the aftermath of the war. During the three-year period from mid-1945 to mid-1948,

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[138]John C. Ries, The Management of Defense: Organization and Control of the U.S. Armed Services (Baltimore: Johns Hopkins Press, 1964), pp. 93-94.

this program resulted in the reduction of military personnel levels from slightly more than twelve million to roughly one and one-half million, the disposal of surplus property valued at nearly $50 billion, the disposal or deactivation of some 1,300 government-owned industrial plants and facilities, the termination of the Lend-Lease Program, and the termination of outstanding government procurement contracts totalling approximately $62 billion.[139] Second, by mid-1948, the realities of the Cold War, combined with expanding U.S. international economic and military commitments, had emphasized the necessity for increased domestic industrial plant capability. And, third, an awareness was growing at the top level of the government leadership of the need for increased industrial preparedness in support of national security. This awareness was clearly reflected in National Security Council Memorandum 68 (NSC-68), issued for limited distribution in April 1950. As a comprehensive statement of national strategy, this document presented a "balance between economic and military programs and among the various military needs,"[140] and included among its stated requirements for achieving national aims, that the "United States . . . maximize our economic potential, including the strengthening of our peacetime economy and the establishment

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[139]U.S., Library of Congress, United States Defense Policies Since World War II, pp. 4-8.

[140]Huntington, p. 51.

of essential reserves readily available in the event of war."[141]

4. The Utility of Mobilization

The introduction of nuclear weapons into the political-military equation has further complicated the already complex mobilization process. Within the context of the post-World War II world, the impact of nuclear weapons on mobilization may be viewed as having taken two basic forms. First, whereas the fighting of a conventional war requires the concentration of forces and support for the projection of national power against an enemy, the nature of nuclear war necessitates the dispersal of forces and industrial centers in order to reduce the presentation of high-value targets to the effects of an enemy's weapons.[142] And, second, nuclear war has been seen as being of short duration, thus, obviating the relevance of a traditional, protracted mobilization effort undertaken after the commencement of hostilities, and increasing the importance of pre-war preparations to create a credible deterrent posture.[143]

Recent changes in United States strategic nuclear doctrine, promulgated in Presidential Directive 59 (PD-59),

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[141]"NSC-68: A Report to the National Security Council," Naval War College Review, 1975, p. 106.

[142]Foster and Hoeber, p. 442.

[143]Hitch and McKean, pp. 312-320.

on July 25, 1980, however, have generated a reexamination of the role of mobilization in support of national objectives in a nuclear war environment. This doctrine, designed to enhance the credibility of the U.S. deterrent posture, recognizes an existing Soviet nuclear war-fighting and war-winning strategy, provides policy guidance for the development of an offsetting U.S. counterforce nuclear targeting capability, and calls for the development of a secure nuclear and conventional reserve force capable of withstanding an initial Soviet counterforce nuclear strike in order to be available as an "assured destruction" deterrent to a Soviet attack on American cities. Implicit in PD-59 is acknowledgment of the potential for a prolonged nuclear war and the possibility of a nuclear cease-fire, while conventional hostilities continue.[144] Within this context, the benefits derived from mobilization--particularly, its inherent flexibility of implementation and those benefits associated with the bolstering of the U.S. deterrent posture--assume a much greater importance.

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[144]Foster and Hoeber, p. 441.

V. UNITED STATES MOBILIZATION POTENTIAL

The growing confluence between the strategy of mobilization and the strategy of deterrence is reflected in the following statement contained in Secretary of Defense Caspar W. Weinberger's most recent Annual Report to the Congress:

> The capability of the United States to mobilize its vast economic, industrial, and human resources to augment the active forces in times of national emergency is an essential factor in deterring potential enemies and reassuring U.S. allies. The deterrent value of mobilization resides not only in the military components but also in the convertibility of civilian manpower and production capabilities into military units and industrial warfighting support. (Emphasis added.)
>
> . . . Improving our capabilities to respond militarily to various emergencies is largely a planning activity. . . . The small commitment of resources required for these activities has a potentially larger payoff in preparedness should actual mobilization be required.[145]

The Annual Report continues by describing the various initiatives available to support mobilization, but unaddressed are considerations of the viability of the existing organizational infrastructure for mobilization, the current status of U.S. mobilization capabilities, and the ability of the nation to meet its stated mobilization objectives--that is, the ability to match means (resources and capabilities) with ends (goals). Nor do these considerations receive more than

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[145]U.S., Department of Defense, Annual Report to the Congress, Fiscal Year 1984, p. 261.

cursory addressal in the Joint Chiefs of Staff (JCS) military posture statement for fiscal year 1984, although it also notes the importance of mobilization to the national security.[146] Recently, however, growing concern within the military committees of the Congress and within a limited sector of the American public regarding the capability of the United States to mobilize its potential effectively have emphasized these considerations and the need for corrective action, as a matter of national priority, in deficient areas.

A. ORGANIZATIONAL INFRASTRUCTURE

1. National Security, the President and Congress

The framers of the Constitution were deeply concerned with the question of where authority should reside in the republican form of government they were creating. The ensuing debate[147] was centered on considerations of whether the national government should be stronger or weaker than the governments of the various states of the Union, and which branch of the federal government--executive, judiciary

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[146] U.S., Joint Chiefs of Staff, United States Military Posture for FY 1984, pp. 36-38.

[147] The primary medium of the debate was a series of 85 essays written by Alexander Hamilton, James Madison, and John Jay, and published as The Federalist between 1787 and 1788. See Charles A. Beard, The Enduring Federalist (Garden City, NY: Doubleday & Co., 1948); John Spencer Basset, The Federalist System (New York: Greenwood Press, 1906); and Garry Wills, Explaining America: The Federalist (New York: Penguin Books, 1981).

or legislative--should dominate in control of the government.

The government structure eventually included in the Constitution envisioned both a balancing of power between the national and state governments, and a distribution of authority and responsibility among the branches of the national government. The principal representatives of the people, the President and the members of the Congress, were to be popularly elected,[148] and the Congress was to consist of two chambers, the Senate, in which each state was to have equal representation, and the House of Representatives, in which the states would be represented on the basis of their populations. Further, the concept of a "division of labor and separation of control" (commonly referred to as a system of "checks and balances"), borrowed from the theories of Montesquieu and Locke,[149] was embodied in the assignment of specific areas of responsibility and authority to the three branches of government. In the purist view, the resultant balance of power and division of labor within the government consisted of provisions for a legislative branch to enact public laws, an executive branch to implement the laws, and a judiciary to interpret them, with each branch

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[148] Originally, the Constitution called for senators to be elected by the state legislatures. The Seventeenth Amendment, ratified in 1913, provided for the direct election of senators.

[149] Wills, pp. 110-112.

having specific, statutory balancing powers with regard to the other branches (e.g., the presidential veto, congressional power to override the veto, congressional oversight authority, and judiciary review).

The relationships that exist between the branches of the federal government--particularly between the Executive and Congress--are very complex. The functional implementation of constitutional authority and responsibility has varied considerably from the simplistic construct of a static balance between a Congress that legislates and an Executive that implements. The relationship is, rather, dynamic, having evolved over time, with the location of relative power and control of the government variously residing in the Congress and the Executive (the so-called "congressional government" and "presidential government," respectively), and changing with the force of personalities, issues, circumstances, and historical events.[150] Nowhere is this dynamism more pronounced than in the areas of foreign policy and national security.

Congressional and presidential authority and responsibility in the area of national security derive from the powers enumerated in Articles I and II of the Constitution. Article I states, in part, that

> . . . the Congress shall have the power . . . to provide for the common defense, . . . to raise and support

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[150]Davidson and Oleszek, pp. 207-208.

> armies, . . . to provide and maintain a navy, . . . and, to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or officer thereof.[151]

These powers, taken together with congressional authority over the collection of revenues (i.e., taxation) and the authorization and appropriation of revenues for government expenditure, cast Congress in the role of provider of the means of national security. At the same time, the President, as commander-in-chief of the armed forces and head of state and government, is responsible for the development and execution of security policy--within the bounds of the resources provided by Congress. Thus, although Congress does not have specific constitutional authority to formulate national security policy, it does have both a direct and an indirect impact on the formulation and execution of policy by the executive branch through its "power of the purse" and its authority to enact "necessary and proper" legislation in meeting its statutory responsibility "to provide for the common defense" of the nation.

The nature and extent of congressional involvement in the area of national security have changed significantly over the course of the post-World War II period. Functional expression of this involvement, within the broader

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[151] Encyclopaedia Britannica, 1982 ed., s.v. "Constitution of the United States [1787]."

dynamic of the executive-congressional relationship, may be divided into two discernible phases, generally conforming to the major phases through which the international environment has passed. The first phase, lasting roughly from 1947 until 1967, coincided with the initial period of the Cold War. It was characterized by a strongly bipartisan consensus in both foreign and defense policy, derived from a clearly defined perception of Communism, embodied in the Soviet Union, as the principal threat to the security of the nation. In matters relating to defense policy, the period was marked by "executive dominance" of the Congress, resulting from an executive branch monopoly over pertinent information, general public support for existing and planned defense programs, the nature of the issues involved (e.g., classified, technical, complex, and high risk), and the decentralized decision-making organization and domestic orientation of the Congress itself. The Congress of this period has been termed a "rubber stamp" Congress, generally content to address itself to the structural aspects of defense policy (i.e., budget, personnel, material, and organizational decisions), and to act as a "conduit" for the strategically-oriented (i.e., program and use decisions)[152] programs and policy initiatives of the executive branch. Thus, during this phase, Congress tended to exhibit little inclination to become actively involved in

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[152]Huntington, pp. 3-4.

defense policy-making, doing so, as a general rule, only when executive branch consensus on policy issues was clearly lacking.[153]

The manifestation of the second postwar phase of congressional defense policy activity, dating from 1969, generally corresponded to the emergence of the relatively tranquil international period of detente. Reacting to both international and domestic influences, a number of institutional and functional changes occurred within Congress, while, at the same time, the executive-congressional relationship underwent a transition from the congressional "accommodation" and "acquiescence" of the previous period, to a stance of "assertiveness" on the part of Congress.[154] The impetus for these alterations was derived from four primary sources. First, within the framework of an era of international understanding and "peaceful coexistence" between the superpowers, public perceptions of the external threat, prevalent during the Cold War years, decreased. Second, by the late 1960s, American involvement in the Vietnam War had become a major domestic issue, involving increasing public anti-war and anti-defense sentiment, reflected in increased public pressure to reduce defense spending and American

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[153]Edward J. Laurance, "The Changing Role of Congress in Defense Policy-Making," Journal of Conflict Resolution 20 (June 1976):215.

[154]Kegley and Wittkopf, pp. 396-398.

foreign military involvement. Third, the executive branch monopoly over defense-related information was broken, providing Congress with the opportunity to include defense policy alternatives originating outside the executive branch in its deliberations. And, finally, deteriorating domestic and international economic conditions, accompanied by increasingly large government budget deficits, had generated an ongoing debate over national priorities. The result of these diverse domestic and international influences was the emergence of a much more circumspect Congress. Within the defense policymaking arena, this revised attitude was reflected in the general repudiation of the "conduit" role of the previous period and a growing tendency not only to question policy alternatives presented by the executive branch, but, in some cases, to reject them and to legislate congressional alternatives on the basis of information and analyses provided by non-executive branch sources.[155]

In the present, the circumspect orientation of the Congress continues, and many of the institutional and functional mechanisms that resulted in or were developed during the second postwar phase remain in effect--e.g., access to and consideration of a broadened spectrum of defense policy alternatives, the influence of special interest groups, degraded domestic and international economic conditions, the

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[155]Laurance, pp. 245-247.

budget authorization and appropriation process, and statutory limitation and regulation of executive branch authority. At the same time, however, the executive-congressional relationship, responding to changes in the international environment, has undergone an alteration since the mid-1970s, moving in the direction of the "accommodation" of the earlier period. Whether the systemic changes in the international system that resulted in the modification of the relationship--e.g., the breakdown of detente and the commencement of "Cold War II," the emergence of a condition of United States strategic parity relative to the Soviet Union, and the increasing influence of Third and Fourth World nations and multinational cartels--will also result in a movement into a third phase of congressional defense policy involvement remains to be seen. The possibility cannot, however, be discounted.

2. Mobilization Organization

The complexity involved in developing and maintaining the mobilization base, the potentially greater complexity associated with an actual mobilization effort, and the potential, far-ranging domestic impacts of peacetime preparations and wartime mobilization have resulted in the creation of a massive "organization"[156] to control the process.

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[156]The term "organization" is employed loosely, since no formal organization, encompassing all mobilization participants, exists. Instead, the departments, committees,

The executive and legislative branches share the multidimensional responsibilities for mobilization. In general, the executive branch is responsible for developing mobilization plans and the mobilization structure, developing and maintaining mobilization base capabilities, and executing the mobilization process, when required. Congress, on the other hand, provides the fiscal means and statutory framework for mobilization, and, exercising its oversight authority, monitors the preparations and, when applicable, the mobilization effort itself.

The principal congressional and executive branch participants in the mobilization process are displayed in Table 20. Included are more than twenty-five congressional committees and agencies, ten executive departments, fifteen Department of Defense (DOD) agencies, and twenty-five non-DOD organizations. Not included in the table, but also participating in the process, are at least three non-governmental organizations (the American Trucking Association, the Association of American Railroads, and the Air Transport Association of America), several less significant government organizations (e.g., the National Aeronautics and Space Administration, the National Highway Traffic Safety Administration, the Office of Pipeline Safety, the St. Lawrence

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commissions, agencies, and offices involved in mobilization are largely independent of each other, and their actions are coordinated rather than controlled.

CONGRESSIONAL COMMITTEES

SENATE

Appropriations
Armed Services
Banking, Housing and Urban Affairs
Budget
Commerce, Science and Transportation
Energy and Natural Resources
Environment and Public Works
Finance
Governmental Affairs
Labor and Human Resources

HOUSE OF REPRESENTATIVES

Appropriations
Armed Services
Banking, Finance and Urban Affairs
Budget
Education and Labor
Energy and Natural Resources
Government Operations
Interstate and Foreign Commerce
Merchant Marine and Fisheries
Post Office and Civil Service
Science and Technology
Ways and Means

CONGRESSIONAL AGENCIES

Congressional Budget Office (CBO)
Congressional Research Service
General Accounting Office (GAO)
Office of Technology Assessment

EXECUTIVE DEPARTMENTS

Commerce
Defense
Energy
Health and Human Services
Interior
Justice
Labor
State
Transportation
Treasury

TABLE 20. PRINCIPAL LEGISLATIVE AND EXECUTIVE BRANCH MOBILIZATION PARTICIPANTS

DEFENSE DEPARTMENT AGENCIES

Defense Communications Agency (DCA)
Defense Intelligence Agency (DIA)
Defense Investigative Service (DIS)
Defense Logistics Agency (DLA)
Defense Mapping Agency (DMA)
Defense Nuclear Agency (DNA)
Joint Chiefs of Staff (JCS)
Joint Deployment Agency
Joint Material Priorities and Allocations Board
Joint Transportation Board
Military Airlift Command (MAC)
Military Sealift Command (MSC)
Military services (Army, Navy, Marines and Air Force)
Military Traffic Management Command
National Security Agency/Central Security Service

NON-DEFENSE DEPARTMENT ORGANIZATIONS

Central Intelligence Agency (CIA)
Civil Aeronautics Board
Civil Reserve Fleet
Coast Guard
Defense Science Board
Emergency Mobilization Preparedness Board
Environmental Protection Agency (EPA)
Federal Aviation Administration (FAA)
Federal Communications Commission (FCC)
Federal Coordinating Council for Science, Engineering and Technology
Federal Emergency Management Agency (FEMA)
Federal Highway Administration
Federal Railroad Administration
General Services Administration (GSA)
Interstate Commerce Commission
Maritime Administration (MARAD)
National Communications System (NCS)
National Oceanic and Atmospheric Administration (NOAA)
National Science Foundation
National Security Council (NSC)
Office of Defense Resources
Office of Manpower and Budget (OMB)
Public Health Service
Selective Service
Veterans Administration (VA)

TABLE 20 (CONT'D). PRINCIPAL LEGISLATIVE AND EXECUTIVE BRANCH MOBILIZATION PARTICIPANTS

Seaway Development Corporation, the Tennessee Valley Authority, and the Urban Mass Transportation Agency), and, within the executive departments, the myriad of separate offices tasked with mobilization responsibilities (for example, the more than fifty offices within DOD, alone).[157] The diffusion of responsibility within this diverse mobilization "organization," its sheer size, and the necessity for interdepartmental and executive-congressional coordination are potential sources for the loss of efficiency in operation.[158] In an attempt to reduce the influence of these counter-productive conditions and provide "a comprehensive national mobilization policy,"[159] in late 1981, President Ronald Reagan directed the establishment of the Emergency Mobilization Preparedness Board (EMPB). This senior-level interdepartmental organization is chaired by the President's Assistant for National Security Affairs, and its membership includes representatives, at the deputy secretary or under secretary level, from twenty-two federal departments and agencies. The primary function of the EMPB is the "coordination of mobilization planning and guidance," accomplished

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[157] U.S., Department of Defense, Master Mobilization Plan (MMP), passim.

[158] U.S., Congress, House, The Ailing Defense Industrial Base: Unready for Crisis, p. 1.

[159] U.S., Joint Chiefs of Staff, United States Military Posture for FY 1984, p. 37.

through twelve interdepartmental working groups organized along functional lines.[160]

3. Mobilization Legislation

Several existing public laws have a significant impact upon the development and maintenance of mobilization capabilities. These statutes provide the required organizational structure, guidance, authority, delineation of responsibilities, and resources to sustain the mobilization base, and establish the legal authorities necessary for national response during times of emergency.

a. Strategic and Critical Minerals Stockpiling Act of 1946

Stockpiling provides ". . . a secure, reliable and sufficient supply of strategic raw and processed minerals . . . to help meet defense and national security needs. . . ."[161] U.S. war reserves and strategic stockpiles provided for under the Strategic and Critical Minerals Stockpiling Act of 1946, as amended, are designed to serve this purpose by making available to the national economy (including both the military and civilian sectors) sufficient quantities of necessary materials to sustain industrial

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[160]U.S., Department of Defense, Annual Report to the Congress, Fiscal Year 1984, p. 261.

[161]Priscilla G. McLeroy, Thomas D. Braschayko, and W. C. J. van Rensburg, "US Resources Policy: The 1982 Report to Congress," Resources Policy (December 1982):249.

production during the transition from peacetime to wartime (that is, from D-to-P). Current guidance requires that stockpiled materials be capable of supporting a D-to-P period of three years' duration.[162]

The National Defense Stockpile is controlled by the General Services Administration (GSA). The types and quantities of materials maintained in the stockpile are based on the Annual Materials Plan developed by the Interagency Stockpile Goal Review Committee[163] and approved by the President and Congress. In addition to D-to-P considerations, ". . . stockpile goals are based on estimates that take into account the following factors: (1) stringent limitations on the levels of personal consumption expenditures; (2) restrictions on the proportions of consumer expenditures on durable goods; (3) restrictions on the level of residential investment; and (4) expected material substitution possibilities."[164]

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[162]Gansler, The Defense Industry, pp. 68-69. See also, U.S., Library of Congress, United States Defense Policies Since World War II, pp. 55-56; and Alton D. Slay, "Strategic and Critical Materials," in The U.S. Defense Mobilization Infrastructure, p. 182.

[163]The Interagency Stockpile Goal Review Committee is chaired by FEMA and consists of members from the Departments of Defense, Commerce, the Interior, Treasury, State and Energy; the Office of Management and Budget; the Central Intelligence Agency; the General Services Administration; and the National Security Council.

[164]U.S., Congress, Senate, Committee on Armed Services, Stockpile Legislation, Hearings before the Subcommittee on

b. National Security Act of 1947

The National Security Act of 1947 tasked the National Security Resources Board (following several executive branch reorganizations, now, the Federal Emergency Management Agency, FEMA) ". . . to undertake, and to advise the President on, mobilization planning."[165] Currently, FEMA has the responsibility to develop plans for:

-- industrial and civilian mobilization to make the maximum use of the nation's manpower in time of war;

-- the stabilization and conversion to a wartime footing of the civilian economy;

-- unifying the activities of federal departments and agencies engaged in activities important to the war effort or mobilization;

-- rationalizing potential supplies of and requirements for manpower, resources and productive facilities;

-- establishing adequate reserves of strategic and critical materials (i.e., the National Defense Stockpile); and

-- the strategic relocation of industries, services, government and other essential economic activities.[166]

FEMA is also tasked with the responsibility, indirectly related to its mobilization tasks, for civil disaster relief.

Preparedness of the Senate Committee on Armed Services on S. 906, S. 1338 and S. 1823. 97th Cong., 1st sess., 1982, pp. 12-15.

[165]Leon S. Reed, "Obsolescence, Decling Productivity, and the American Defense Mobilization Infrastructure," in The U.S. Defense Mobilization Infrastructure: Problems and Priorities, eds. Robert L. Pfaltzgraff, Jr. and Uri Ra'anan (Hamden, Ct.: Archon Books, 1983), p. 129.

[166]Ibid., pp. 129-130.

c. Defense Production Act of 1950

The Defense Production Act of 1950 is one of the principal statutory mechanisms through which national economic and defense policies and objectives are integrated in order to guarantee that the capability of the nation to successfully respond to emergency conditions is achieved and maintained. In its original form, the Defense Production Act (DPA) consisted of seven titles, granting the President diverse discretionary powers (the so-called "economic war powers of the President"[167]) to ensure that national industrial production capabilities were maintained to support national defense and mobilization programs. Four of the titles (II, IV, V and VI) expired in 1953 and were not renewed.[168] The remaining titles include both permanent and non-permanent provisions. The non-permanent provisions have been periodically extended, but to date, no extension has exceeded two years in duration. Since its enactment, a number of amendments have been made to the DPA in response to changing conditions and national requirements, but the original intent of integrating industrial preparedness with

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[167]U.S., Congress, House, Congressman Blanchard speaking for the Amendment of the Defense Production Act of 1950, H.R. 5540, 97th Cong., 2nd sess., 18 August 1982, Congressional Record, p. H6399.

[168]U.S., Congress, House, Committee on Education and Labor, Defense Industrial Base Revitalization Act, H. Rept. 530, Part 1 to Accompany H.R. 5540, 97th Cong., 2nd sess., 1982, p. 33.

national security has been retained. In its present form, the provisions of the DPA are as follows:

> Title I provides authorization for the Defense Priorities System, an energy priorities system and for the management of these systems. Title III authorizes the President to guarantee loans and to take other financial measures necessary to expand productive capacity and supply in the interest of national defense. Title VII prohibits discrimination against small business firms in achieving the objectives of the DPA, provides for the National Defense Executive Reserve, establishes other authorities regarding personnel carrying out programs under the Act and provides for oversight of the programs under the Act. The permanent provisions of Title VII authorize the promulgation of cost accounting standards to cover government contractors and permit the President to grant antitrust immunity to firms entering into voluntary agreements for industrial defense purposes at the request of the President.[169]

d. Emergency Legal Authorities

A number of legal authorities exist, granting conditional powers and authority to the President and other key government officials. These authorities are based on U.S. Codes and Public Law, Executive Orders issued by the President, federal and departmental regulations, and interagency agreements. They ". . . authorize Federal officials to take certain actions during times of war, national emergency, or other circumstances deemed sufficiently critical to warrant the exercise of such extraordinary authority."[170]

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[169]U.S., Congress, Senate, Committee on Banking, Housing and Urban Affairs, Defense Production Act Extension of 1982, S. Rept. 412 to Accompany S. 2375, 97th Cong., 2nd sess., 1982, p. 3.

[170]U.S., Department of Defense, Master Mobilization Plan (MMP), p. 4.

Existing emergency authorities fall into three categories, having progressively wider ranges of power and scopes of impact on the mobilization process. The first group, summarized in Table 21, provides limited authorities in peacetime and do not require the declaration of a national emergency. Second are those authorities, providing a wider range of powers, which require a declaration of national emergency by the President. These are summarized in Table 22. The final group of emergency authorities, summarized in Table 23, are those that provide the greatest range of emergency powers, but require a congressional declaration of national emergency before they may be implemented.

The declaration of a national emergency does not carry with it the automatic approval of the authorities contained in Tables 22 and 23. When the President declares an emergency, he must identify which authorities he intends to invoke. He may, however, invoke additional authorities through subsequent declarations of intent. Although not specifically required, current DOD guidance calls for similar procedures to be followed in the case of an emergency declared by the Congress--that is, necessary authorities are to be identified to the President for presentation to Congress in a declaration of intent.[171]

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[171] Ibid., pp. 4-6.

US CODE	DESCRIPTION	WHEN APPLICABLE
10 USC 351	Arming of American vessels or aircraft	Determination of need by President
10 USC 673b	Call-up of 100,000 Selected Reservists	Determination of operational need by President
10 USC 688	Recall of Retired Regulars	In the interest of national defense
10 USC 712	Detail of members of armed forces to assist, in military matters, other countries	Presidential determination or national emergency
10 USC 2602 (a)	Acceptance of American Red Cross cooperation and assistance	President finds it necessary
10 USC 2604 (a)	Acceptance of United Seaman's Service cooperation and assistance	President finds it necessary
10 USC 4022 (a), 9022(a)	Army Surgeon General with SecArmy or SecAir Force approval may employ as many contract surgeons as may be necessary	Emergency
14 USC 3 49 USC 1655	Coast Guard to operate as a service of the Navy	President directs
14 USC 1655	Recall of retired Coast Guard enlisted members	National emergency (need not be formally declared)
18 USC 963-967	Detention of armed vessels during a war in which U.S. is neutral	Any war and U.S. is neutral
41 USC 1314	Right to first refusal to purchase natural resources	Necessary for national defense

TABLE 21. POWERS AVAILABLE DURING AN EMERGENCY WHICH DO NOT REQUIRE A FORMAL DECLARATION OF NATIONAL EMERGENCY

US CODE	DESCRIPTION	WHEN APPLICABLE
50 USC 98-98h, 98h-1	Stockpiling of critical and strategic materials	National emergency (need not be formally declared)
50 USC App 468	Place mandatory orders for prompt delivery of material or articles for use by	Presidential determination
50 USC App 2071 et. seq.	Obtain priority service for CONUS transportation services	Presidential determination
50 USC App 2091-2094, 2166(a), (b)	Expansion of productive capacity and supply	Presidential determination

TABLE 21 (Cont'd). POWERS AVAILABLE DURING AN EMERGENCY WHICH DO NOT REQUIRE A FORMAL DECLARATION OF NATIONAL EMERGENCY

[Source: U.S., Department of Defense, Master Mobilization Plan (MMP) (Washington, D.C.: Government Printing Office, 1982), pp. D-5 and D-6.].

US CODE	DESCRIPTION
10 USC 673	Order up to one million members of the Ready Reserve to active duty for not more than 24 months
10 USC 679(d)	Extension of Reserve active duty agreement without consent of reservist
10 USC 2304 (a)(1), (2), (16)	Exemption of certain purchases and contracts from formal advertising requirements
10 USC 7224	Gives SecNav authority to designate persons to be carried on naval vessels at government expense
10 USC 8313	Retention and promotion of regular officers
14 USC 367 (a)(4)	Extension of Coast Guard enlisted personnel
42 USC 217	Use of Public Health Service commissioned corps as a branch of the land or naval forces
46 USC 835	Restrictions on the transfer of shipping facilities
46 USC 1241 (b)(1)	Waiver of requirement to ship 50% on privately owned U.S. flag vessels
46 USC 1242 (a)	Authority to requisition or purchase, or to charter or requisition the use thereof, ships owned by U.S. citizens
50 USC 98-98h, 98h-1	Release of stockpiled strategic and critical materials
50 USC 191	Authority to control ocean-going vessels in U.S. waters
50 USC 196-198	Authority to seize non-U.S. owned vessels lying idle in U.S. waters
50 USC 1431-1435	Exemption of national defense contracts from certain statutory limitations

TABLE 22. POWERS GAINED UNDER A PRESIDENTIAL DECLARATION OF NATIONAL EMERGENCY

US CODE	DESCRIPTION
50 USC 1511-1516	Suspension of restrictions on chemical and biological agents
50 USC App 1744(a)	Use of ships in the NDRF
50 USC 1641	President and executive agencies must maintain index and file of significant Presidential orders issued under the declaration of national emergency.

TABLE 22 (Cont'd). POWERS GAINED UNDER A PRESIDENTIAL DECLARATION OF NATIONAL EMERGENCY

[Source: U.S., Department of Defense, Master Mobilization Plan (MMP) (Washington, D.C.: Government Printing Office, 1982), pp. D-7 and D-8.]

US CODE	DESCRIPTION
10 USC 511(a)	Extension of terms of enlistment for reserve components
10 USC 511(c)	Extension of term of service of an enlisted member transferred to a reserve component
10 USC 519	Extension of temporary enlistments in an armed force
10 USC 672(a)	Authority to order any member of unit of a reserve component to active duty for the duration plus 6 months
10 USC 674	Authority to order members and units of the Standby Reserve to active duty
10 USC 675	Authority to order a qualified member of the Retired Reserve to active duty
10 USC 5402 (a)	Suspension of ceilings for Regular Marine Corps
10 USC 5402 (b)	Suspension of ceilings for Regular Marine Corps in enlisted members.
10 USC 6485 (a)	Order Fleet Reserve or Fleet Marine Reserve members to active duty for duration plus 6 months
32 USC 302	Extension of National Guard enlistments for the duration plus 6 months

TABLE 23. POWERS GAINED BY CONGRESSIONAL DECLARATION OF EMERGENCY AND NOT AVAILABLE BY PRESIDENTIAL DECLARATION

[Source: U.S., Department of Defense, Master Mobilization Plan (MMP) (Washington, D.C.: Government Printing Office, 1982), p. D-9.]

B. CURRENT CAPABILITIES AND PROBLEMS: THE DEFENSE INDUSTRIAL BASE

The defense industrial base represents one of the key components of national defense and is essential to the maintenance of a viable mobilization capability. Historically, the industrial strength of the United States has been the primary basis of national strength and vitality, providing material support for national defense during peacetime and, with the commencement of hostilities, the means for the successful prosecution of war. In recent years, however, the viability of the U.S. defense industrial base has become a matter of national concern.

Congressional realization of and concern regarding the deteriorated condition of American industry, in general, and the capability of the defense industrial base to adequately support short- and long-term national defense preparedness goals, in particular, prompted a series of congressional hearings during 1980 and 1981, dealing with the various functional areas of the Defense Production Act of 1950 and related topics. The hearings conducted by the Defense Industrial Base Panel of the House Armed Services Committee between September 17 and December 3, 1980, were possibly the most significant, representing the first comprehensive examination of the U.S. defense industrial base since a similar study by the Paley Commission in 1952.[172]

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[172]Howard Rush and William Page, "Long-Term Metals Forecasting," Futures (August 1979):327-330.

At the conclusion of its hearings, the Defense Industrial Base Panel reported six major finding regarding the condition of the defense industrial base. The first of these was that "the general condition of the defense industrial base has deteriorated and is in danger of further deterioration."[173] Several causal factors, supporting this finding, were identified. First, the industrial base was found to be unbalanced, having necessary capability and capacity for production at the prime contractor level, but significant deficiencies among small subcontractors, many of whom were sole source suppliers for some products.[174] Second, although normal requirements could be met by the industrial base, no industrial production surge capability existed, nor had adquate planning for production surge requirements been undertaken.[175] Third, significant increases were seen in military equipment procurement lead times as a result of reduced capabilities and serious "bottlenecks," particularly with regard to forging and casting facilities (e.g., in 1979, the lead time for large forgings was 78 to 89 weeks for aluminum or steel and 99 to 105 weeks for

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[173]U.S., Congress, House, The Ailing Defense Industrial Base: Unready for Crisis, p. 1.

[174]Gansler, The Defense Industry, p. 130.

[175]Ibid., p. 10. See also, Bruce E. Arlinghaus, "Conclusions," in Industrial Capacity and Defense Planning: Sustained Conflict and Surge Capability in the 1980s, eds. Lee D. Olvey, Henry A. Leonard, and Bruce E. Arlinghaus (Lexington, Ma.: Lexington Books, 1983), p. 145.

titanium, and for large castings, 46 to 62 weeks).[176] Fourth, shortages in skilled manpower were found to exist (e.g., engineers, machinists, and computer operators and maintenance personnel) and were expected to continue.[177] Fifth, the U.S. was found to be increasingly dependent on foreign sources for critical raw materials and certain military equipment components.[178] Sixth, it was found that the manufacturing productivity growth rate of the United States was last among the world's industrialized nations, and that the defense manufacturing sector had the lowest growth rate of all domestic sectors.[179] And, finally, inflation, existing tax policies, and decreases in the government's defense procurement and research and development (R&D) budget had resulted in decreased private investment in industry and, thus, a general failure to modernize the nation's production plant.[180]

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[176]Gansler, The Defense Industry, p. 66.

[177]Ibid., p. 123. See also, Lee D. Olvey, Henry A. Leonard, and Bruce E. Arlinghaus, eds., Industrial Capacity and Defense Planning: Sustained Conflict and Surge Capability in the 1980s (Lexington, Ma.: Lexington Books, 1983), p. xiii.

[178]Gansler, The Defense Industry, pp. 63 and 70. See also, Olvey, Leonard, and Arlinghaus, p. xii.

[179]U.S., Congress, House, The Ailing Defense Industrial Base: Unready for Crisis, pp. 11-17.

[180]Olvey, Leonard, and Arlinghaus, p. 145.

The second major finding was that "the Department of Defense has neither an on-going program nor an adequate plan to address the defense industrial base preparedness issue; Department of Defense inaction in enhancing industrial base preparedness . . . has contributed to the deterioration of the U.S. defense industrial base, and as a consequence, jeopardizes the national security."[181] Specifically, the Panel found that the Defense Department's planning was inadequate, and that currently existing plans, particularly the Five-Year Defense Plan and the Consolidated Guidance were unstable and did not address industrial preparedness.[182]

The Panel's third finding was that "a shortage of critical materials, combined with a resulting dependence on uncertain foreign sources for these materials, is eroding the foundation of U.S. defense capabilities."[183] Supporting this finding were five noted deficiencies. First, the U.S. was found to be "more than 50% dependent on imports for 23 of the 40 most essential nonfuel minerals," and "almost totally import dependent for 12 of the most critical of these,"[184] making it vulnerable to the disruption of its

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[181]U.S., Congress, House, The Ailing Defense Industrial Base: Unready for Crisis, p. 1.

[182]Ibid., pp. 18-23.

[183]Ibid., p. 1

[184]Slay, p. 181.

strategic and critical minerals supplies. Second, the Panel found that despite the enactment of the National Materials and Minerals Policy Research and Development Act of 1980, no comprehensive national materials policy or effective national non-fuel minerals policy existed.[185] Third, effective planning in the area of minerals policy was found to be hindered by a lack of information relating to the extent of the nation's potential mineral resources.[186] Fourth, it was found that legislative and regulatory restrictions on the minerals industry had resulted in a failure to explore for and prove and process certain mineral resources.[187] And, fifth, the strategic and critical materials stockpile was found to be inadequate and poorly managed, containing unnecessary items and lacking full quotas of some crucial materials.[188] In summing up this third major finding, the Panel additionally noted that the Defense Production Act of 1950 provides a currently instituted body of authorities capable of correcting many of the identified deficiencies.[189]

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[185]U.S., Congress, House, The Ailing Defense Industrial Base: Unready for Crisis, pp. 25-26.

[186]Calaway and van Rensburg, pp. 98-99.

[187]Ibid., pp. 99-100. See also, Gansler, The Defense Industry, p. 258.

[188]McLeroy, Braschayko, and van Rensburg, p. 249.

[189]U.S., Congress, House, The Ailing Defense Industrial Base: Unready for Crisis, p. 30.

The fourth major finding was that "present policies and procedures for the procurement of property and services by the Department of Defense are excessively inflexible and discourage the use of contract types that would promote the best interests of the United States." Existing procurement policies were seen as prohibiting assurances of stable demand levels to producers and contractors, and, in this regard, the Panel recommended that revised policies be adopted allowing for advance procurement and multiyear defense contracts.[190]

The fifth finding of the Panel was that "current tax and profit policies appear to discourage capital investment in new facilities and equipment that would increase productivity and improve the condition of the defense industrial base."[191]

The final major finding addressed the questions of organization and control, stating that

> . . . while the condition of the defense industrial base is of vital importance to the national defense and security of the United States, responsibility for the condition of the base is dispersed among the committees of Congress and within the Executive Branch. This diffusion of responsibility has contributed to a lack of effective long range planning for industrial responsiveness. It has also made it extremely difficult to assess the overall effects of executive and congressional action on the defense industrial base.[192]

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[190]Ibid., pp. 31-41.

[191]Ibid., pp. 42-47.

[192]Ibid., pp. 48-49.

Subsequent to the issuance of the Defense Industrial Base Panel report, several actions have been taken in an effort to improve the condition of the defense industrial base and upgrade mobilization preparedness. First, as previously noted, the Emergency Mobilization Preparedness Board was established in 1981 as the coordinating agency for mobilization planning and guidance. Second, a Master Mobilization Plan (MMP) was promulgated by the Secretary of Defense in June 1982. Third, Public Law 97-336, signed in 1982, established the Commission on Strategic and Critical Materials Stockpiling Needs and the White House Conference on Productivity. And, fourth, a number of bills and amendments to the Defense Production Act of 1950, addressing the revitalization of the defense industrial base and related topics, have been introduced in Congress since 1980.

VI. CONCLUSION

This study has sought to identify and analyze the determinants of United States national potential, and to demonstrate the relationship existing between these factors and mobilization and between the nation's mobilization potential and United States strategic policy. Extant conditions occurring within the domestic and international contexts and having an influence upon the realization of national potential were assessed, as was the utility of mobilization as an instrument of policy in balancing potential capabilities against threats to national security within the context of international conflict. And, finally, the U.S. mobilization infrastructure was reviewed and existing deficiencies in current and potential mobilization capabilities were analyzed.

On the basis of the information presented and the analysis conducted in the course of this effort, three principal conclusions were developed relating to national security and the utilization of the mobilization process in support of United States strategic policy. First, the United States is increasingly vulnerable to the effects of actions taken by other international actors, particularly the Soviet Union. Second, mobilization, as an instrument of strategic policy, presents a means, employable with other national

level initiatives from the areas of diplomacy, economics, and ideology, to reduce U.S. vulnerability to external influences. And, third, although the United States possesses significant national potential, capable of maintaining a dual strategy of mobilization and deterrence, this potential is neither adequately nor sufficiently utilized in support of national security objectives.

A. SUMMARY OF CONCLUSIONS AND SUPPORTING FACTORS

1. United States Vulnerability

The gradual deterioration of the United States' military, economic, industrial, and diplomatic strength since World War II has made the nation more vulnerable to the effects of external forces. Contributing to this deterioration are the following long-term and transitory conditions:

a. The erosion of national resolve and confidence;

b. A degraded domestic economy;

c. Burgeoning federal budget deficits and national debt;

d. The emergence of the Soviet Union in a position of nuclear force parity and conventional force superiority relative to the United States;

e. Declining domestic industrial production levels, financial difficulties in key industries, and the deterioration of the U.S. defense industrial base;

f. Increasing import dependence, particularly with regard to supplies of strategic and critical minerals from foreign sources, and the reduction in the U.S. share of foreign and domestic markets;

g. The reduced cohesion and commonality of purpose within the Western Alliance; and

h. The fragmentation of the international arena and the diffusion of U.S. diplomatic influence.

2. Mobilization as a Strategic Instrument

Mobilization represents an instrument of significant importance in United States strategic policy. When supported by a viable and secure mobilization base and comprehensive and realistic mobilization plans, the inherent flexibility of the mobilization process provides a means of maximizing potential national strength, thus increasing the nation's freedom of activity, broadening its range of available options, increasing its resistivity to the adverse effects of external influences, and supporting the achievement of essential national security goals.

A mobilization effort does not, however, stand alone. It is only one of many possible courses of action available to the national leadership. It is compatible with the strategy of deterrence and with other implements of national strategy from the realms of diplomacy, economics, and ideology. These may be employed in lieu of, and, in

some instances, may serve equally as well as mobilization. When these means are utilized in conjunction with mobilization, however, they tend to be mutually supporting, yielding a strengthened strategic program.

3. Actualization of Potential

The mobilization process constitutes a viable means of providing insurance for national security through the translation of national potential into strength in-being. Currently, however, the following conditions detract from the realization of this potential:

a. The vulnerability of the United States to disruptions of supplies of strategic and critical minerals from foreign sources;

b. The degraded condition of the U.S. defense industrial base;

c. The diffusion of responsibility within the mobilization infrastructure; and

d. The lack of comprehensive, integrated mobilization contingency plans.

B. ADDITIONAL AREAS REQUIRING RESEARCH

The following mobilization related topics have been identified as warranting additional research and consideration:

1. The utility and advisability of a mobilization condition (MOBCON) system, similar to the existing defense

condition (DEFCON) system, in which mobilization actions would be pre-designated for employment in response to changes in the level of international tensions;

2. A detailed cross-impact analysis of industrial mobilization, considering requirements for the factors of production, the availability and accessibility of these factors, and the degree of disruption to the civilian sector of industry;

3. The potential impact of deep seabed mining operations on the mobilization process; and

4. The pertinence and advisability of a comprehensive national civil defense program.

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